

Journal

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2010 review

Trends that shaped the market this year, with Hugh Bateman on the rural upswing

Straight talking
How to communicate more effectively

Business broking
Avoiding common pitfalls

Year end high
REINSW looks back on a great 12 months

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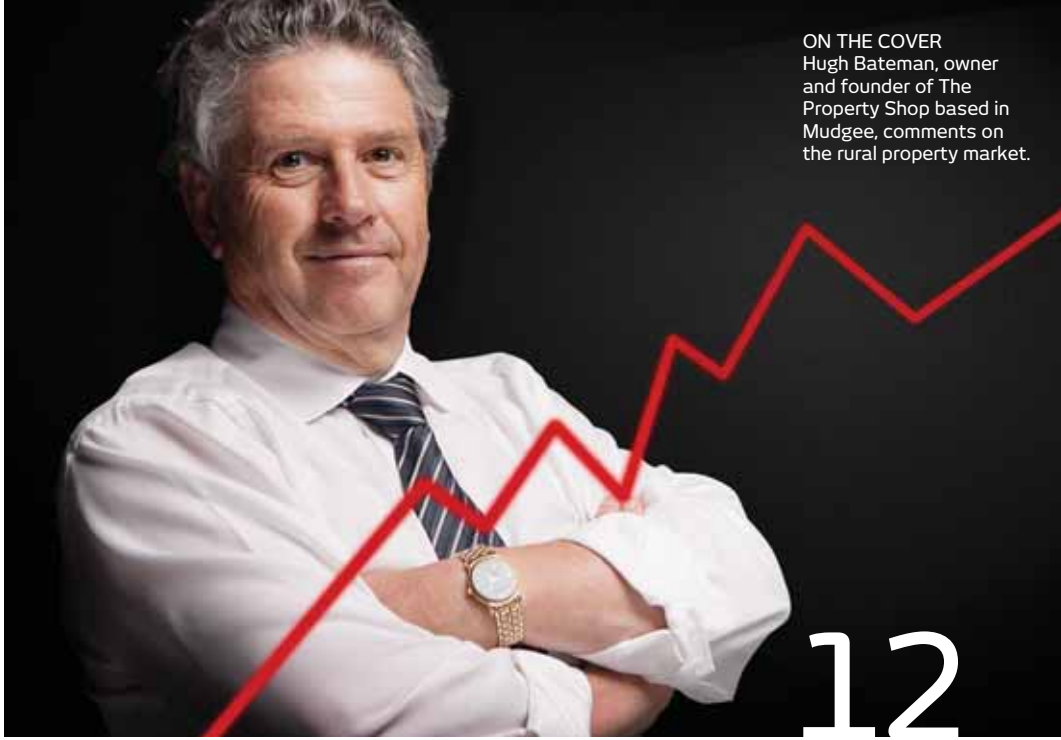
ON THE COVER
Hugh Bateman, owner
and founder of The
Property Shop based in
Mudgee, comments on
the rural property market.



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Our modelling suggests that rates moving much beyond 8.5 per cent would again take housing affordability back to record lows.



The *Real Estate Journal* is a member only publication from the Real Estate Institute of New South Wales. To find out more about membership, call (02) 9264 2343, email membership@reinsw.com.au or visit www.reinsw.com.au



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Looking back on 2010

As our centenary year comes to a close, it seems fitting to look back at the most notable real estate trends of the past year.

Property trends

The housing shortage, for example, consistently made news headlines. An undersupply of housing in NSW has driven property prices up and vacancy rates down to around the one per cent mark, which in turn is pushing up rents.

REINSW was extremely critical of both political parties during the 2010 Federal Election, as neither addressed the housing shortage. REINSW will take its four Real Policies, with research-backed methods of addressing the issue, to the State Government and ensure our voice is heard.

REINSW was extremely critical of both political parties during the mid-year Federal Election, as neither addressed the housing shortage.

Another notable trend was the decline in First Home Owner Grants. The scheme has divided experts on whether it had a positive impact on the property market. But statistics show that it gave many first homebuyers an incentive to move out of a rental property and into their own home, which relieved some of the pressure on the rental market.

Investors filled the void left by first homebuyers, returning to the property market in 2010 due to poor performance, and even losses, in the financial and stock markets. While investor numbers were not huge, they did snap up most of the affordable stock in growing areas of demand, which also had an inflationary effect at the bottom end of the market. For more trends from 2010 go to page 12.

Bringing members together

2010 also provided REINSW with several opportunities to reconnect with members throughout the state, including the 2010 Novice Auctioneers Competition. The event was an outstanding success and unearthed auctioneering talent from across NSW.

Apart from the exposure, training and adrenalin rush each of the participants experienced, almost \$74,000 was raised for a number of charities, including \$13,000 at the State Final for the St Vincent de Paul Society.

Congratulations to the 2010 Novice Auctioneer of the Year Jesse Davidson from Auctionworks, and a huge thank you to all participants, their supporters and the REINSW team that arranged the Division and State finals (page 18).

On behalf of the REINSW Board, management and staff, I would like to wish REINSW members a very merry Christmas, and may 2011 be a rewarding year for you and your teams.

Wayne Stewart
REINSW President

REINSW Major Partners

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Housing bubble a myth

There is currently widespread debate about whether Australia is experiencing a housing bubble. A recognised US analyst recently claimed that Australia is in a housing bubble about to burst. I, along with a number of respected property analysts, do not subscribe to that theory.

Australia's housing market is very different to the US market. The US currently has an oversupply of housing and a declining population.

Australia by comparison has a shortage of housing, particularly in NSW, and an increasing population. In NSW the population increased by 112,500 from June 2008 to June 2009, according to the Australian Bureau of Statistics. And in 2009 we built

23,300 dwellings for an underlying demand of 55,000 dwellings.

So I don't think we are going to see a radical decrease in house prices going forward. I believe our problem is not a housing bubble, but rather a housing shortage.

REINSW's Real Space Policy is a blueprint to address the critical shortage of housing stock in NSW. It is the last of REINSW's four policy platforms, which I had the pleasure of presenting to the Leader of the NSW Liberals & Nationals Barry O'Farrell in November. They are now complete and available to view on the REINSW website.

Real Agency argues the case for increasing the educational prerequisites for entry into

Australia's housing market is very different to the US ... I believe our problem is not a housing bubble, but rather a housing shortage.

the profession, reducing the mandatory requirements within the existing regulatory environment and mandating professional indemnity insurance to manage risk.

Real Space seeks to address the critical shortage of housing stock in NSW through effective strategies to drive land release and facilitate infill development,

government commitment to infrastructure investment, and an overhaul of planning legislation.

Real Tax calls on government to reduce land tax and transfer duty rates, retain negative gearing for property investment, remove GST on residential property supplies, and allow income tax deductions for stamp duty on property investment.

Real Tenancy seeks amendments to the existing regulatory regime for residential tenancies in order to strike a balance between the legitimate interests of residential investors and the provision of proper safeguards for residential tenants.

Visit www.reinsw.com.au/realpolicies for more information.



REINSW CEO Tim McKibbin presents Barry O'Farrell, Leader of the NSW Liberals & Nationals, with REINSW's policy platform.

Tim McKibbin
REINSW CEO



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Poor result at luxury home auction

The interest rate rise and strong Aussie dollar were cited as reasons for a disappointing outcome at a recent auction of luxury homes held at the Sydney Opera House.

The properties for sale included 10 homes in NSW valued at between \$2 million and \$10 million each, with a total estimated worth of \$30 million. Organiser Ray White sold two out of the 11 homes, raising just \$4.1 million.

The event took place less than a week after the Reserve Bank raised its benchmark interest rate by a quarter of a percentage point to 4.75 per cent. "We've been a little bit crash-tackled by the interest rate increase last week," says Ray White Chairman Brian White.

The properties drew interest from bidders based in Singapore, China and Indonesia. But overseas buyers were quieter than usual, according to auctioneer Sam Kelso.

"The overseas buyers are more concerned about the Aussie dollar," he says. "It (the US dollar) isn't buying as much as it was six months ago."

Concerns over private certification

The investigation of a private certifier, who allegedly signed off on a house that needed at least \$118,000 worth of work to bring it up to the legal standard, has called into question the effectiveness of the system for private certification of new homes.

Gillian and Stephen Kozicki contracted to buy a four-bedroom townhouse in a multi-dwelling development in

Turramurra, NSW. The property was certified for occupation by an accredited certifier.

Dominic Ogburn from Access Property Services, the consultants who later identified problems with the property, found the townhouse needed \$118,000 worth of work to bring it up to compliance with NSW building standards and with BASIX, the legal sustainability

requirements for new homes. Dominic is calling for a review of the private certification system in NSW.

"Non-compliance to minimum building standards is something I have increasingly seen over recent property inspections, yet the subject property has been certified compliant by private certifiers or sometimes council," he says.

Retail attracts new investors

More than \$3.3 billion worth of retail property changed hands over the first three quarters of 2010, which eclipses the \$2.5 billion sold over the 2009 calendar year, reveals a Jones Lang LaSalle report.

"Investors undoubtedly are feeling more at ease with the outlook for retail property as 2010 progresses," says Leigh Warner, Director of Retail

Research at Jones Lang LaSalle. "The data shows that retail yields have now stabilised for the past several quarters, vacancies remain low, while rental growth has stabilised and is picking up in some instances."

While investment activity has been strong, getting a new development off the ground remains challenging, according to Leigh.

"Developers are generally still finding it very difficult to attain finance," he says.

"Most of the recent project commencements have been driven specifically by retailers themselves, such as the supermarket chains Ikea, Bunnings and new entrants such as Costco and Woolworths' hardware joint venture with US-based Lowes group."



Franchise releases iPhone app

Starr Partners has developed a free iPhone application (app) that allows users to browse properties for sale and lease using GPS, postcode or suburb searches.

"The Starr Partners app was developed with the aim of providing a valuable tool that customers could use while on the go," says Douglas Driscoll, CEO of Starr Partners.

Over 500 copies have been downloaded from the Apple iTunes store since the launch in October. "Customer feedback since the release has been very enthusiastic," says Douglas.

An artist's impression of the Barangaroo waterfront promenade



Barangaroo under construction

Construction of the controversial Barangaroo development on Sydney's waterfront will start in the next few weeks. The NSW Government has granted planning approval for \$230 million worth of early work.

Premier Kristina Keneally says she looks forward to seeing the work start. "These approvals

are a significant milestone in our delivery of one of the biggest and most prestigious urban renewal projects in the world," she said.

The proposed 300,000 sqm commercial development will meet almost half the underlying demand for office space in Sydney's CBD, according to a report by Jones Lang LaSalle.

Australia a great place to set up shop

Australia has ranked second behind New Zealand as the easiest place to start a business in the eighth annual World Bank and International Finance Corporation survey.

"Australia is among the top 10 countries in the world that offer the most business-friendly regulatory environments," says a World Bank spokesperson.

The criteria included dealing with construction permits, registering property, getting credit, protecting investors, enforcing contracts and paying taxes.



Top 10 countries to start a business

- 1 New Zealand
- 2 Australia
- 3 Canada
- 4 Singapore
- 5 Macedonia
- 6 Hong Kong
- 7 Belarus
- 8 Georgia
- 9 United States
- 10 Rwanda

Source: World Bank

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Department of Climate Change
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Are you selling, leasing or subleasing commercial office space?

From **1 November 2010**, most commercial office space with a net lettable area of 2000m² or more, will need a valid NABERS Energy base or whole building rating before sale, lease or sublease. The NABERS rating must also be included in any advertisement for the sale, lease or sublease of the office space.

The new legislation* will create a more informed property market and stimulate demand and investment in energy efficient buildings.

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*Building Energy Efficiency Disclosure Act 2010

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LJ Hooker's push into NZ

The LJ Hooker franchise has bought Harveys real estate, which has 31 offices across New Zealand. L Janusz Hooker, CEO and grandson of the founder, says the acquisition is an important step towards achieving LJ Hooker's growth ambitions.

"[The move] underpins our commitment to New Zealand and is part of a larger strategic plan to strengthen our leadership position in this key market," he says.

John Darrow, head of marketing at LJ Hooker in

Sydney, adds: "Our plan is to become a top-three player in the next two years."

Under the terms of the agreement, LJ Hooker assumes the role of franchisor service provider to the Harveys franchises from 1 November 2010.

Residential tenancies regime takes effect

The NSW Government has announced that the *Residential Tenancies Act 2010* and the Residential Tenancies Regulation 2010 will both commence operation on 31 January 2011.

The final Regulation can be downloaded from the REINSW website www.reinsw.com.au/RTlegislation.

REINSW has effectively represented its members over the past five years, lobbying for an equitable residential tenancies regime. Most recently, REINSW has worked with NSW Fair Trading in relation to both the draft and final versions of the

regulation. While some REINSW recommendations have been adopted, many changes are still required to ensure an equitable balance between landlords and tenants, according to REINSW CEO Tim McKibbin.

"We want to ensure that the residential housing market remains attractive to investors from all walks of life," he says.

The Regulation prescribes a new form of residential tenancy agreement and condition reporting. The artwork for these new forms are being finalised by REINSW and will be available on REI Forms Live and in printed

format for purchase prior to 31 January 2011.

The commencement of the new regime will bring with it many challenges and frustrations, says Tim. "It will require changes to be made to agency practice and procedures, and will take some time to bed down as the CTTT delivers decisions on the interpretation of the new Act and Regulation."

He adds that REINSW will continue to stand ready to provide industry leading training, forms, lobbying and other services to assist members through the transition period.

REINSW IN THE MEDIA

Housing affordability and the escalating rental shortage were hot topics in media across NSW this month.

Print

- In the *Central Coast Express* (Gosford), REINSW Board member Brett Hunter advises Central Coast homeowners who are considering selling to put their property on the market.
- REINSW President Wayne Stewart says in *The Daily Telegraph* (Sydney) that house hunters need to think about what they can really afford when choosing a property.
- New REINSW vacancy rate figures published in the *St George and Sutherland Shire Leader* reveal the rental shortage is worsening.
- In *The Sunday Telegraph*, REINSW calls for 'price plus' figures to be banned when advertising houses for sale.

Radio

- On a Gosford radio station, an REINSW spokesperson says they expect energy bills and rental rates to increase in the area.

OCTOBER MEDIA ROUND-UP

REINSW appeared in:

- 2 TV spots
- 32 radio spots
- 37 print articles
- 20 website stories

The total audience reached in Australia was 1,920,000 people. View all of REINSW's recent media coverage at www.reinsw.com.au



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Under mortgage pressure

Why another interest rate rise will put thousands of Australians under extreme mortgage stress.

Since the RBA interest rate rise in November, more than one third of Sydney households with mortgages now experience mortgage pressure (when repayments are more than 30 per cent of disposable income), according to the National Centre for Social and Economic Modelling. The figures don't take into account the banks' additional rate hikes.

Ben Phillips, Principal Research Fellow at the Centre, says the "tipping point" for households is much lower than in the past. "In the late 1980s interest rates were up to 17 per cent but this was a different world where debt levels were more contained."

Today, a one-percentage point rise would push mortgage holders into the peak stress

levels that were being experienced just before the RBA reduced interest rates to counter the global financial crisis, he explains.

"Our modelling suggests that rates moving much beyond 8.5 per cent would again take housing affordability back to record lows," Ben says.

Another 25-basis-point rise would put 28,000 more households under mortgage pressure. A rise of 50 basis points would add 48,000 more households.

The figures also reveal a number of people are under extreme mortgage pressure – spending more than 50 per cent of their income on repayments. In Sydney 11.9 per cent of households are under such

25pts

**ANOTHER
25-BASIS-POINT
RISE WOULD PUT
28,000 MORE
HOUSEHOLDS
UNDER MORTGAGE
PRESSURE.**

pressure, compared to the national average of 8.4 per cent.

Keeping an eye on lenders

To help relieve pressure on mortgage holders and inject competition into the Australian banking market, the Australian Securities and Investments Commission (ASIC) has introduced new guidelines for banks under the National Credit Code. ASIC Chairman Tony

D'Aloisio says exit fees, which range between \$700 and \$900 for the top four banks, must reflect the true losses that banks incurred from customers leaving a mortgage contract early.

"Lenders cannot use exit fees to discourage a borrower from switching their loan or to punish them for doing so," he says. "We will challenge lenders who charge high fees to justify how their fee reflects actual losses caused by early termination. Where an exit fee cannot be justified by the lender, ASIC will take compliance or enforcement action."

The law also prevents double-dipping: "Lenders that charge establishment fees must ensure that they don't charge consumers for the same costs a second time through an early termination fee," says Mr D'Aloisio. ♦



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a note to the real estate industry

It is with great pride and excitement that I write announcing my next adventure. After eight years of providing specialist consulting, training and coaching services to the Property Management Industry, I, together with my business partner Melissa Karatjas have launched Real Estate Career Developers Australia. Real Estate Career Developers has been successfully operating in Melbourne since 2003. I recently joined as a Director and we celebrated by opening our second office in Sydney.

"As a Property Management business consultant and strategist it became clear very early on, improve people performance to maximise profit. Recruitment of old is about resource replacement, that is no longer enough. Strategic Human Resource Development and Talent Management is the new recruitment concept of the 21st Century. Focusing on the vision of the business, the HR strategy to support it and the talent acquisition to make it happen."

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Melissa and I, along with the Sydney team would welcome the opportunity to discuss any of your HR needs and see how Real Estate Career Developers can work with you to develop your team, your business and your profit.

We look forward to chatting soon.

Fiona Blayney

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A portrait of Hugh Bateman, a middle-aged man with grey hair, wearing a white shirt and a striped tie. He is looking directly at the camera with a slight smile. A red line graph is overlaid on the bottom right of the image, showing a fluctuating upward trend. The word 'trends' is partially visible in white text on the right side of the image.

trends

Hugh Bateman, owner and founder of The Property Shop based in Mudgee, comments on the rural property market.

real estate trends of 2010

Did forecasters get it right?
The *Real Estate Journal* explores key
trends that shaped the past year.

BY JASON BRYCE

In 2010, Sydney and metro residential and commercial real estate markets promised more than they delivered. But in regional NSW, something happened on Christmas Eve 2009 that changed everything – it rained, ending the drought that had been crippling the rural property market.

Resources such as copper, gold, coal, iron ore and mineral sands have also helped drive growth in key bush markets, while Sydney-based real estate professionals worry about failing infrastructure and the supposed housing bubble.

The bush is back

Orange, Bathurst, Mudgee, Parkes, Cobar, North West NSW, Gunnedah and the upper Hunter – these are some of the regional areas in NSW now benefiting from

the mineral resources boom.

“Vast acreages are being taken out of prime agricultural production for mining right now, so long-term farmers and landowners are looking elsewhere and that is impacting prices,” says Hugh Bateman, owner and founder of The Property Shop based in Mudgee.

“Everything is up in the bush, and I’m not just talking property prices but the mood in general. The rain changed everything in 2010.”

Rural NSW is reaping what it has sown – literally, adds Hugh. “China is buying our wool and cotton, commodity prices for the agricultural products that we are harvesting in regional NSW are all high and everything is looking good.” ▶

1.1%

RENTAL VACANCY RATES FELL FOR THE FOURTH CONSECUTIVE MONTH IN OCTOBER

Supply still not meeting demand

There was a housing shortfall of 99,000 dwellings in NSW this year, according to BIS Shrapnel estimates. New home starts increased through most of 2010 as the incentives of 2009 flowed through the system. But building approvals for new homes fell, says the Housing Industry Association (HIA).

HIA Chief Economist Harvey Dale says developers are failing to meet the demand for housing in NSW due to a shortage of land being made available for greenfield sites and urban infill.

“At the end of the day, the lack of adequate, affordable land supply is at the heart of the problem,” he says. “We are regressing rather than progressing in terms of the bureaucracy involved in building a new home.”

Sydney's rental squeeze

Rental vacancy rates fell for the fourth consecutive month in October 2010, according to REINSW data. The percentage of available properties in Sydney

fell to 1.1 per cent, and Newcastle and Wollongong recorded similarly tight rental markets.

While the vacancy rate rose slightly in November, REINSW President Wayne Stewart says: “Sydney continues to struggle under the strain of the rental vacancy crisis which shows no sign of abating.”

“The absence of any policy initiative to deliver real incentives for people to invest in the rental property sector has left thousands of tenants competing for the very few available rental properties.”

First homebuyers walk away

First homebuyers accounted for just 15.5 per cent of housing finance commitments in 2010,

the lowest proportion since mid-2004, according to the Australian Bureau of Statistics.

As recently as May last year, first homebuyers accounted for 28.5 per cent of all home loans – a record high. “Homebuyers are largely priced out of the market,” says JP Morgan Economist Helen Kevans.

The average first homebuyer couple in NSW now needs to save for 4.6 years to raise a conservative (20 per cent) deposit to buy their first house, up from 4.0 years as at March 2009, according to recent Bankwest figures.

Sydney taking to auctions – but slowly

Auction clearance rates in 2010 tracked lower than 2009, but volumes were higher.

Vendors and real estate agents were trying to sell, but demand from buyers at auctions was generally soft, except in the inner city/north shore ring, says Peter Matthews from Ray White Lower

North Shore, an auctioneer in Sydney for 17 years.

Peter says that 2010 was the most popular year yet for auctions in Sydney. “I can't recall when there has been this much volume, especially at this time of year,” he says.

About 400 to 500 residential property auctions were being held per weekend in Sydney towards the end of 2010. But clearance rates struggled to break even, hovering around the 50 per cent range, and just above, reveals www.propertyDATA.com.au.

Commercial property out of intensive care

CB Richard Ellis reported strong new investment in commercial property, up 268 per cent, in the third quarter of calendar year 2010.

But big banks didn't increase their lending significantly. NAB was the only big bank to increase business lending this year, while Westpac (down five per cent) led the banks in contracting total business finance in 2010, compared to 2009.

“Commercial property struggled through most of 2010,” says valuer Glenn Cremer from Australian Real Estate Services in Bondi

15.5%

FIRST
HOMEBUYERS
ACCOUNTED FOR
15.5 PER CENT
OF HOUSING
FINANCE IN 2010

Junction. "You now need really good yields of up to eight or nine per cent to get finance on a commercial deal.

"But there are sales and there are cashed-up private buyers out there at the moment."

Big banks in the firing line

Critics have charged the four big banks with selling thousands of new mortgages to first homebuyers on the back of generous government incentives in 2009, and now raising rates on them in 2010.

Westpac was the first big bank to increase its rates by 0.45 per cent in December 2009. In November 2010, all four big banks – Commonwealth Bank, ANZ, NAB and Westpac – raised rates by more than the RBA basis point rise of 25 points.

Prime Minister Julia Gillard vented her disapproval of the banks' decision during a press conference at the recent G20 summit in Seoul. "There is no excuse for the sorts of interest rate movements we've now seen from the Commonwealth Bank and the ANZ Bank," she said.

Housing bubble fails to burst

Australia has an "unmistakable" housing bubble and prices have to fall by 42 per cent to return to the long-term trend, said high profile US-based analyst Jeremy Grantham in June 2010. The International Monetary Fund also warned that Australia faced the possibility that house prices will

fall suddenly and significantly like they have in the US and the UK.

But the doom and gloom merchants lost that debate in 2010. Their guru, Professor Steve Keen from the School of Economics at the University of Western Sydney, had to walk from Parliament House in Canberra to the top of Mount Kosciusko after losing a public bet with Macquarie Bank's interest rate forecaster Rory Robertson that house prices would fall in 2009/10.

Westpac and Commonwealth Bank both released research refuting the bubble theory. According to the banks, house prices are being fuelled by ongoing short supply. Prices will remain steady over the next two years because of rising interest rates and tighter credit, while wages growth is expected to improve affordability. ♦

268%

NEW
INVESTMENT IN
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REINSW celebrates 100 years

In the last instalment of our Centenary series, the *Real Estate Journal* looks at industry milestones from the past 10 years, including the collapse of HIH and the introduction of the first homebuyers scheme.

The collapse of an insurance giant

On 15 March 2001, HIH Casualty and General Insurance Limited (HIH) and FAI General Insurance Company Limited (FAI) collapsed with debts of about \$5.3 billion.

Growing demand for an official inquiry prompted Prime Minister John Howard to establish a Royal Commission to fully investigate the causes that led HIH to seek the appointment of a provisional liquidator.

The Howard Government also set aside more than \$500 million of the Federal Budget to pay claims for some of the 1.1 million policyholders. In addition, the NSW Government established a rescue package, with claims paid to consumers coming out of the Building Insurers' Guarantee Fund.

An industry-owned alternative

Following the collapse of HIH, REINSW seized the opportunity to set up a specialist professional indemnity insurance company for real estate agents. The main objective of Realcover was to contribute to a more stable insurance market and provide a more competitive and tailored product to real estate professionals.

REINSW influences residential tenancies reform

In 2010 REINSW lodged a comprehensive submission with respect to the *Residential Tenancies Act 2010*, which pressured the government to make key changes to the original Bill. These include:

- abandoning a proposal to give tenants the right to break a fixed term tenancy agreement during the fixed term in return for payment of a 'break fee'
- scrapping the compulsory proposal to cap a landlord's damages (including loss of rent) if a tenant abandoned rented premises
- further limiting the government's proposals to allow tenants to make 'minor' changes to the landlord's property (e.g. painting is not a 'minor' change) or to sub-let the property without the landlord's consent.

"REINSW is pleased the government has listened to our concerns and made key changes," said REINSW President Wayne Stewart earlier this year.

100 years

The tenth decade 2000 to 2010

2000

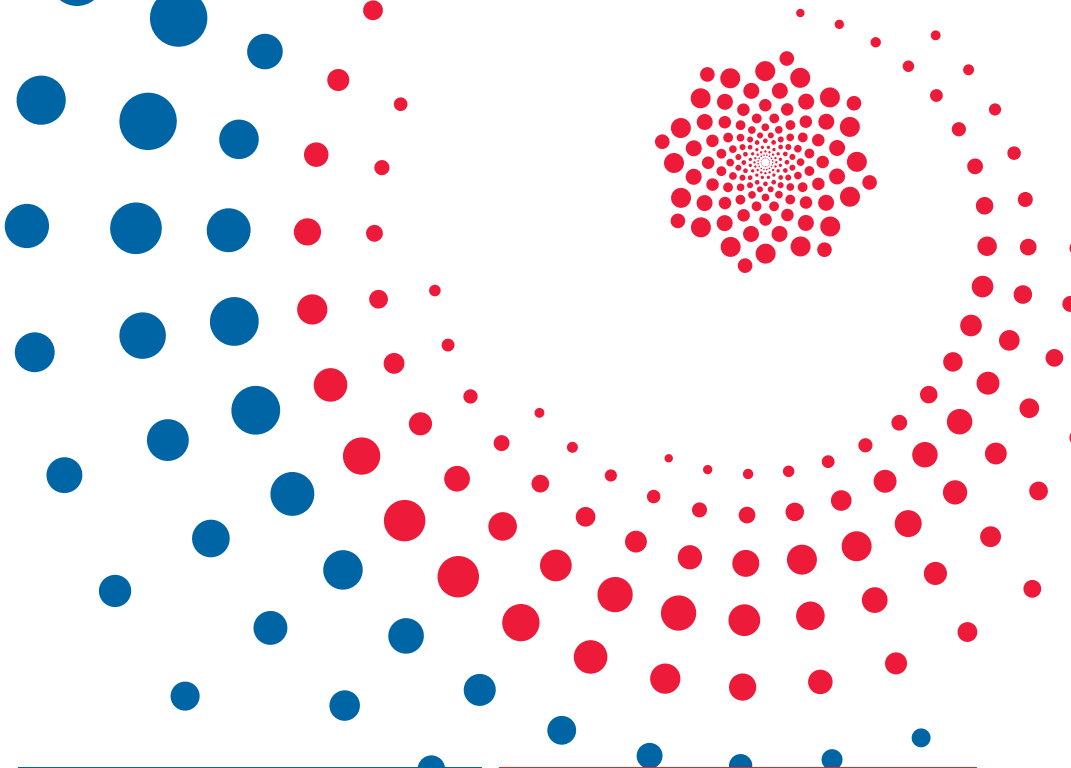
- The Howard Government introduces a goods and services tax (GST) of 10 per cent on most sales transactions in Australia, including property.
- The First Home Owner Grant scheme commences.

2001

- HIH collapses with debts of around \$5.3 billion.
- The Energy Smart Housing Policy is introduced, which requires new homes and major renovation projects to achieve a prescribed star rating.

2003

- New Rules of Conduct for NSW real estate professionals and their employees come into force as part of the *Property, Stock and Business Agents Act 2002* reform package.



Financial boost for first homebuyers

The First Home Owner Grant (FHOG) scheme was introduced on 1 July 2000 to offset the impact of the GST on home ownership.

The national scheme, which is funded by the States and Territories and administered under their own legislation, would pay first homebuyers who satisfy the eligibility criteria a one-off grant of up to \$7000.

In 2001, the Howard Government doubled the FHOG to \$14,000 for first homeowners who entered into contracts between 9 March 2001 and 31 December 2001, or owner-builders who commenced building their home between these dates.

Move to deter dummy bidders

The new *Property, Stock and Business Agents Act 2002* (NSW) commenced on 1 September 2003. The Act introduced a number of significant changes in relation to the sale and purchase of residential and rural property.

The main reason for introducing the new Act was to deter dummy bids at auctions and provide greater consumer protection in this area, according to Minister for Fair Trading Reba Meagher. "The recent explosion of auction as the selling method of choice in a hot property market has enlivened consumers' unease about the fairness of the auction system. A particularly sore point is the time-worn practice of dummy bidding," she said.

Murders prompt new disclosure laws

The NSW Government tightened disclosure laws for real estate agents in the wake of controversy surrounding the sale of convicted murderer Sef Gonzales' family home.

Two agents were fined \$20,000 for concealing the home's past to a Sydney couple who had paid an \$80,000 deposit for the North Ryde property.

The NSW Government introduced new disclosure laws stating that real estate agents were required to disclose any 'material facts' that may affect the value of a property. Those in breach would be fined or have their licences suspended under the *Property, Stock and Business Agents Act*.

2004

- A court decision to fine real estate agents who did not disclose a house was the scene of the Sef Gonzales murders raises the question of whether defects not disclosed in other sales could be open to legal action.

2008

- The REINSW Young Agents Chapter launches.
- REINSW releases a new logo as part of its rebrand, followed by the roll-out of new REINSW materials including letterheads, decals and other printed and electronic media.

2009

- Industry-owned professional indemnity insurer Realcover is granted an Australian Authorised Insurer's Licence by the Australian Prudential Regulation Authority (APRA).

2010

- REINSW lobbying influences the NSW Government's decision to make key changes to the Residential Tenancies Bill 2010.

Presidents

JL Hill
1999-2001

CJ Fitzpatrick
2001-2003

RK Kelly
2003-2005

CK Castle
2005-2007

SN Martin
2007-2009

WF Stewart
2009-present

Under the hammer

BY CASSY ASHFORD

Budding auctioneers battled it out at the 2010 REINSW Novice Auctioneers Competition.



On 26 November 2010, 10 aspiring auctioneers competed for the title of REINSW Novice Auctioneer of the Year. Ninety guests attended the event held at Rydges in Sydney.

The novice auctioneers enthused the crowd with their auctioneering skills and encouraged strong bids. The panel of judges – REINSW Manager of Legal & Agency Services Sam Kremer, REINSW Auctioneers Chapter Committee member Phillip Virgona and auctioneer Allister Rodgers – gave scores based on control of bidding, clarity of voice and presentation. It was a close but

clear decision – Jesse Davidson from Auctionworks (East Division) was announced the winner.

When the competition had concluded, additional items were then auctioned by REINSW member David Gray, and judges Phillip Virgona and Allister Rodgers to raise funds for the St Vincent de Paul Society.

Vinnies Corporate Partnerships Coordinator David Starr thanked attendees for their generosity and highlighted the difficulties faced by underprivileged Australians and their families. More than \$13,000 was raised for the St Vincent de Paul Society,



making the total funds raised for this year almost \$74,000.

REINSW thanks the following individuals and organisations that donated auction items.

- St Vincent de Paul Society
- Buds and Bowers
- Winning Holidays
- Rydges World Square Sydney
- M2 Telecom
- Robyn Piddington
- Oliver King

THE AUCTIONEERS

1. Jesse Davidson
2. Bobby Gardner
3. Charlie Daher
4. Elliott Shoebridge
5. Timothy Richards
6. Luke Whitelum
7. Ricky Briggs
8. Stuart Ritchie
9. Brentley Goodwin
10. Alexander Duncan

Division winners

Riverina

\$724 raised for Mission Australia Youth Connections Program

Winner **Jacqui Adams** from Fitzpatrick's Real Estate

Central Coast

\$11,760 raised for Wyong and Gosford Hospital

Winner **Ricky Briggs** from Ray Murray Real Estate

East

\$3301 raised for Father Chris Riley's Youth Off The Streets Program

Winner **Jesse Davidson** from auctionWORKS

Albury

\$1256 raised for the Carevan Foundation, providing food and emergency accommodation for the homeless

Winner **Erin May** from Stanley & Martin

Northern Beaches

\$8506 raised for the St Vincent de Paul Society

Winner **Elliott Shoebridge** from Cunninghams Property

Inner West

\$2624 raised for the St Vincent de Paul Society

Winner **Stuart Ritchie** from Bowlarama

New England

\$1460 raised for Angel Flight

Winner **Timothy Richards** from Ray White Armidale

Orana

\$10,000 raised for Dubbo and District Concert Band and Westhaven Association

Winner **Brentley Goodwin** from Raine & Horne Dubbo

Illawarra

\$1930 raised for the Male Prostate Cancer Support Group at Wollongong Hospital

Winner **Alexander Duncan** from Martin, Morris & Jones

St George & Sutherland Shire

\$11,021 raised for the Sylvanvale Foundation, providing support to people with intellectual disability

Winner **Luke Whitelum** from *The Australian*

Nepean, Hawkesbury and Blue Mountains

\$7,743 raised for Nepean Neonatal Intensive Care Unit Parents Support

Winner **Charlie Daher** from Aussie Real Estate Sales

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Email realestate@westpac.com.au

Visit Your local Westpac Branch and speak to the Bank Manager



Thinking business.
www.westpac.com.au/business

Santa's little helpers

realestateVIEW.com.au challenges consumers to find Santa a home to win a Myer voucher worth \$500.

realestateVIEW.com.au launched its Christmas consumer campaign 'Help Santa Find a Home' in November this year. The aim is to build awareness and grow visitor numbers to Australia's third largest property search portal.

The multi-channel social media campaign, which uses Facebook, Twitter and YouTube, challenges consumers to find a property that fits Santa's wish list. Clues are released daily through realestateVIEW.com.au's Facebook and Twitter pages.

Visitors who correctly decipher the clues and find the property that matches Santa's criteria go into the draw to win one of five Myer gift cards worth \$500.

Petra Sprekos, General Manager of realestateVIEW.com.au, says: "After the significant growth achieved by our Search & Win campaign, we felt it was important to continue the momentum. Over the past 12 months we have achieved great success through a series of engaging campaigns which has enabled us to extend and grow our audience by more than 106 per cent."*

"The 'Help Santa Find a Home' campaign has been a great success," Petra adds.

"During the first three weeks of the five week promotion, we received over 10,000 entries into the draw and the YouTube video has been viewed by over 8000 Australian consumers." ♦

To find out more about the 'Help Santa Find a Home' campaign or to sign up to realestateVIEW.com.au, contact the account management team on 1300 695 645.

*Statistics are based on data from Google Analytics



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- Consultation on Succession Planning and Mergers.
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- Buyers Agent for the acquisition of agency business or rent roll portfolios.

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**REINSW
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LIFT-OUT**

New Year's resolutions

What are the key objectives of the REINSW Education & Training team as we head into 2011?

As we near the end of 2010, the Education & Training (E&T) team has identified three initiatives for the first quarter of 2011.

- Targeted training
- Mentoring the next generation of real estate agents
- Continuous improvement

Targeted training

While our industry is driven by legislation, there are other aspects to being a real estate professional that could benefit from formal training. That's why the E&T team will be contacting REINSW members to hear first hand what their learning needs are and where there may be training opportunities.

Mentoring the next generation of real estate agents

The E&T team plans to get a mentoring program up and running in 2011. There is a wealth of expertise within the REINSW membership and the E&T team will focus on creating opportunities for those experienced members to share their knowledge with new entrants to the real estate industry. The Waratah Network, which includes REINSW members who have worked as real estate agents for more than 20 years, will also help drive the initiative.

Continuous improvement

REINSW has a great team of highly-experienced, skilled, motivated and passionate trainers. Next year the E&T team will introduce a structured program and will be working closely with trainers (subject matter experts) in the continuous improvement and refinement of training programs.



REINSW Training Calendar

JANUARY/FEBRUARY 2011

JANUARY 2011

MON	TUE	WED	THU	FRI	SAT	SUN
<p>WANT TO KNOW MORE? You can find out more about all of our courses by going to www.reinsw.com.au – simply click on Course Schedule in the Training menu.</p>						
3 PUBLIC HOLIDAY	4 REINSW OFFICE REOPENS	5	6	7	8	9
10	11	12	13	14	15	16
SYDNEY Course in Property Practice (full time) - 4 days (9.00am-5.00pm)						
	SYDNEY CPD Prepare for selling like never before (9.30am-1.30pm)		DUBBO CPD Creating impact and influence (9.00am-1.00pm)			
17	18	19	20	21	22	23
SYDNEY Course in Property Practice (full time) - 4 days (9.00am-5.00pm)						
	SYDNEY CPD An agent's guide to tax & property investment (9.30am-1.30pm)		ECHUCA CPD The ABC of Compliance (9.00am-1.00pm)			
24	25	26 PUBLIC HOLIDAY	27 TERM 1 STARTS	28	29	30
	SYDNEY CPD Creating impact and influence (9.30am-1.30pm)		PENRITH CPD The ABC of Compliance (9.00am-1.00pm)			

FEBRUARY 2011

MON	TUE	WED	THU	FRI	SAT	SUN
31 JAN	1	2	3	4	5	6
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)				SYDNEY (part time) Course in Property Practice commences (9.00am-5.00pm)		
	SYDNEY CPD Residential tenancies reform in context (9.30am-1.30pm)	SYDNEY Young Agents Breakfast (7.00am-8.30am)				
7	8	9	10	11	12	13
	DUBBO CPD The ABC of Compliance (9.00am-1.00pm)	SYDNEY Real Estate Licensing Course (part time) commences	BATHURST CPD The ABC of Compliance (9.00am-1.00pm)		SYDNEY (part time) Course in Property Practice continues (9.00am-5.00pm)	
	SYDNEY CPD Prepare for selling like never before (9.30am-1.30pm)	FORBES CPD The ABC of Compliance (9.00am-1.00pm)				
		SYDNEY Breakfast Club (7.30am-9.30am)				
14	15	16	17	18	19	20
SYDNEY Real Estate Licensing Course (full time) – Week 1 Market Property, Agency and Self – 5 days					SYDNEY (part time) Course in Property Practice continues (9.00am-5.00pm)	
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)						
	SYDNEY CPD An agent's guide to tax & property investment (9.30am-1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues	GOSFORD CPD An agent's guide to tax & property investment (9.00am-1.00pm)			
21	22	23	24	25	26	27
SYDNEY Real Estate Licensing Course (full time) – Week 2 Real Estate Sales – 5 days					SYDNEY (part time) Course in Property Practice concludes (9.00am-5.00pm)	
	SYDNEY CPD Mastering retail leases (9.30am-1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues	WOLLONGONG CPD Creating impact and influence (9.00am-1.00pm)			
28						
<p>CPD workshops – go to www.reinsw.com.au for course descriptions and prices</p> <p>Course in Property Practice (full and part time as indicated). Price includes REINSW Student Membership</p> <p>Licensing Course (full and part time as indicated)</p> <p>Forums and Divisional meetings</p> <p>Novice Auctioneers Competition</p>						

THE ABC OF COMPLIANCE

12 CPD points

Would your agency pass a compliance audit by NSW Fair Trading? This course offers comprehensive and practical guidelines for agency success. Learn how to set up and conduct a compliant agency, ensuring your commission and reputation are protected.

Echuca 20 January 2011
Penrith 27 January 2011
Dubbo 8 February 2011
Forbes 9 February 2011
Bathurst 10 February 2011

Cost \$199 REINSW members / \$245 Non-members

CREATING IMPACT AND INFLUENCE

12 CPD points

Real estate practice is about winning the business. Vital to securing new business is the ability to create impact and only then will you gain the ability to influence decisions, ensuring your success.

Dubbo 13 January 2011
Sydney 25 January 2011
Wollongong 24 February 2011

Cost \$199 REINSW members / \$245 Non-members

AN AGENT'S GUIDE TO TAX AND PROPERTY INVESTMENT

12 CPD points

Add greater value to client relationships by being able to explain the tax implications of investing in property and the relevant tax laws associated with appraising and listing property for sale or rental.

Sydney 18 January 2011
Sydney 15 February 2011
Gosford 17 February 2011

Cost \$199 REINSW members / \$245 Non-members

PREPARE FOR SELLING LIKE NEVER BEFORE

12 CPD points

The successful conversion of a sale is largely dependent upon whether a potential buyer's experience with the agent and the property is a positive one. Learn valuable skills to ensure that you present a professional, seamless and enjoyable service encounter.

Sydney 11 January 2011
Sydney 8 February 2011

Cost \$199 REINSW members / \$245 Non-members

REAL ESTATE LICENSING COURSE

(FULL TIME)

Take your career to the next level! A real estate licence gives you career flexibility, credibility and increased knowledge of real estate practice.

Over five weeks, you'll cover:

- marketing property, agency and yourself
- real estate sales
- managing agency finances
- residential property management
- agency administration and recruitment

Flexible learning options are available – full time, part time, eLearning and correspondence.

Sydney 14 February 2011 (commences)
Cost \$3370 REINSW member / \$4225 Non-members

COURSE IN PROPERTY PRACTICE

(FULL TIME)

Do you know someone who likes dealing with people, has a flair for communication and enjoys working in a competitive environment? The REINSW Course in Property Practice is the first step to breaking into the exciting real estate industry.

This comprehensive four-day course will provide all the knowledge and skills needed to be confident, capable and successful in listing, selling, renting and managing property.

Sydney 10-13 January 2011
Sydney 17-20 January 2011
Sydney 31 January 2011-3 February 2011
Sydney 14-17 February 2011

Cost \$590 (includes free REINSW Student membership)

The REINSW Course in Property Practice is also available via eLearning. Call (02) 9211 8707 to find out more.



TRAINER OF THE MONTH

Annette Ferrari

Annette has been a popular member of the REINSW Corporate Learning Centre for more than 10 years and has worked in the industry as an agency Principal and sales specialist in the Blue Mountains for around 20 years. Her practical, day-to-day agency knowledge and entertaining teaching style are complemented by her current practitioner skills.

Facilitating all programs offered by the REINSW – including Licensing, Course in Property Practice and CPD – Annette demonstrates the practical application to courses, which is expertly coupled with thorough theoretical analysis. Annette's diverse academic record includes:

- Master in Behavioural Science with Distinction
- Bachelor of Arts (Communications Studies) with Distinction
- Bachelor of Adult Education

Students comment on Annette's professionalism and passion for the industry, which is reflected in her encouragement and patience with her students.

eLearning

Discover the flexibility of online learning

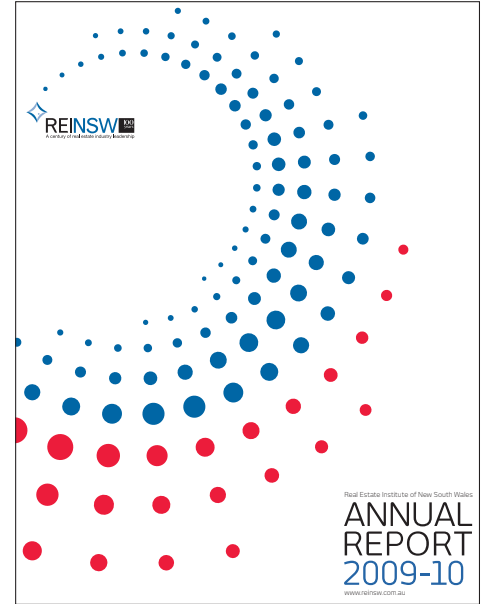
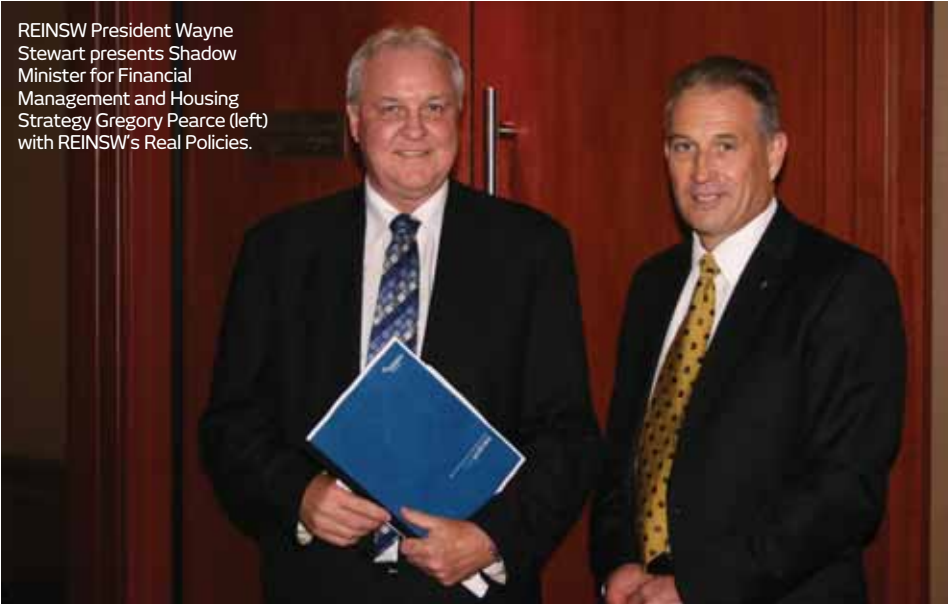
No time to leave the office to do your training? With REINSW eLearning you don't have to!

With a wide range of courses available, and REINSW staff and trainers just a click away, you will experience the ease of learning in your own environment.

Go to www.reinsw.com.au to find out more.



REINSW President Wayne Stewart presents Shadow Minister for Financial Management and Housing Strategy Gregory Pearce (left) with REINSW's Real Policies.



2010 State Conference

The REINSW Board and delegates gathered in Sydney to discuss the year that was and what lies ahead for REINSW and its members.

In November, the REINSW Board and delegates met at Rydges Hotel in Sydney for the 2010 REINSW State Conference. Among the guests was the Shadow Minister for Financial Management and Housing Strategy Gregory Pearce who discussed the NSW Opposition's policy positions in the lead up to the state election in 2011.

The Conference began with a reminder of REINSW's rich history. REINSW President Wayne Stewart spoke of his experiences getting to know members during the association's centenary year.

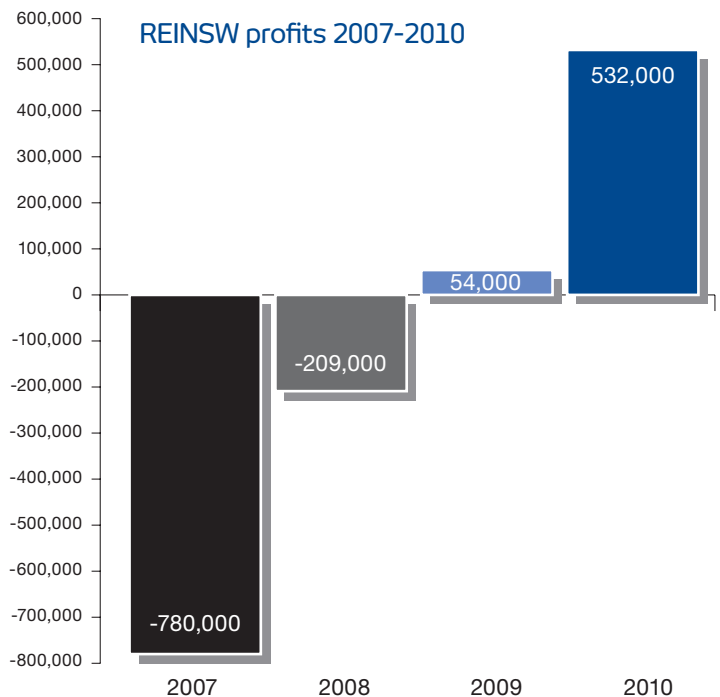
"I've had the pleasure of meeting many new chums and hearing

about their trials and tribulations over the years," he says.

Wayne also presented a snapshot of the property market in NSW which provided insight on housing supply, vacancy rates new dwelling construction.

REINSW Deputy President Christian Payne then brought delegates up to speed with financial results. In the 2009-10 financial year, REINSW achieved a very healthy \$532,000 profit.

The financial turnaround was not achieved overnight, explains Christian. "We planted the seeds through strategic partnerships and we are now starting to see those initiatives bear fruit."





Stamp of approval

The launch of the REINSW Real Accreditation scheme will allow committed real estate professionals to differentiate themselves as industry leaders.

REINSW Vice President John Cunningham unveiled the new REINSW Real Accreditation Program at the State Conference, which will launch on 1 January 2011. The program is not a profit-making exercise for REINSW, explains John. "50 per cent of the fee paid will go towards raising awareness of the value of dealing with an REINSW accredited specialist."

REINSW has already developed creative collateral (pictured) to accompany the campaign launch. It demonstrates the value of a 'stamp of approval' from the industry's representative body in NSW, explains John. "It's about leveraging your skills, desires and commitment to the industry for the benefit of your business ... and improving agency standards in the process."

John goes on to say that the program is not for all real estate professionals. "This is for agents who are serious about their career, not those in it for the short ride."

There are two types of accreditation – individual Specialist Accreditation and Agency Accreditation.

An **Accredited Property Specialist** is recognised as an industry leader who has attained a specific professional level in one or more of the following areas of specialisation:

- Accommodation
- Business Broking
- Buyers' Agency
- Commercial Property
- Property Auctioneering
- Property Management
- Property Sales
- Property Valuation
- Rural Property
- Strata Management

An **Accredited Agency** is recognised as operating at a higher professional level, and accordingly has a superior profile in the marketplace and the ability to attract and retain the most qualified personnel.

What the future holds for Realcover

Industry-owned professional indemnity insurer Realcover prepares for growth in 2011.

At the State Conference, Realcover Chair Tony Brasier told delegates that the past 12 months have been a period of transition and development for Realcover.

The professional indemnity insurer has partnered with Gallagher Broking Services, gained traction in the Victorian market and launched a competitive landlord's insurance policy.

"We have big insurers competing with us, so the ongoing competition will be fierce."

Tony also spoke of the challenges faced by Realcover in 2010. "We have big insurers competing with us, so the ongoing competition will be fierce," he explains.

"What we need is the support of agents in getting the message across that we're industry-owned, operating at great risk for the benefit of members to keep premiums at a sensible rate."

Sharing ideas

State Conference delegates broke into groups to discuss the future of REINSW Divisions and how to improve the Waratah Network.

At the State Conference in May 2010, delegates formed groups to flesh out the details of REINSW's four Real Policies. In November, three groups discussed the future of REINSW Divisions.

REINSW Deputy President Christian Payne asked whether the Divisions should be disbanded, reinvented

or a new model conceived. He also asked attendees for ideas on how the Waratah Network of industry veterans can be better utilised for the benefit of REINSW members.

Following a lengthy discussion, a representative from each group took the stage to discuss their ideas.



“

The Waratah Network is a great opportunity to mentor young agents and raise standards in the industry.”

Tim Anderson

“

We need to make it clear to new members that the Division Chair is the person to go to if you have an issue to build relationships at a local level.”

Andrew Lutze

“

Society is all about tribes and we're forcing tribes to go in different directions. Let's get the divisional boundaries where they need to be first.”

Christine Clarke

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With thanks

REINSW showed its appreciation to members who have contributed to the association in 2010 at the State Conference with a special awards presentation.



AWARD WINNERS (l-r)

James Johnson
Theo Wothers Award for best student

Braden Walters
John Hill Award for outstanding Chapter Chairperson

REINSW President
Wayne Stewart

Orana Division
(accepted by Rod Crowfoot)
Max Sewell Award for best non-metropolitan Division

Lene Mitchell
Brian Bowles Award for outstanding Divisional Chairperson

Nepean, Hawkesbury, Blue Mountains Division
(accepted by Peter Prouzos)
Russell Jackson Award for best metropolitan Division

Dirk Hertford (not pictured)
KG Hurst Award for best editorial contribution to the *Real Estate Journal*



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- ✦ TRA provides a legally safe environment for clients.
- ✦ TRA is used by all industries i.e. Banks, Utility, Insurance, Finance Companies, Institutions and large accounting firms etc.

- ✦ TRA can audit trail all searches in the event of misuse and trace back to the computer used, therefore protecting both principals and property managers.
- ✦ TRA has a 60 page document on every aspect of our business showing compliance to the new privacy principles, completed by our barrister and solicitors.
- ✦ TRA abides by "Property, Stock and Business Agents Amendments (Tenant Databases) Regulation 2004".

"OUR MISSION IS ONE OF INTEGRITY, ACCURACY AND EXCEPTIONAL SERVICE IN MOVING TOWARDS BECOMING THE PREMIER DATABASE IN AUSTRALIA"
Gill Williams, Managing Director

Snap – it's a steal!

BY GAYLE BRYANT

Copyright has become more complex in the digital environment. So what should real estate professionals be aware of when using images?

Copyright is a type of property that is founded on a person's creative skill and labour, and is designed to prevent the unauthorised use by others of a work, such as photographs.

A real estate business wouldn't exist without photographs. It is what initially piques the interest of potential buyers and makes them want to find out more about a property. Agents who hire photographers to take photos for their business need to understand the copyright implications to ensure they are not using images illegally.

The Chief Executive of the Australian Copyright Council (ACC) Mary Anne Reid says contrary to some people's belief, you can't just pull images off the internet and use them in whatever way you like. "You need to be sure who owns the copyright before using anything like this," she says.

The ACC's website copyright.org.au has a range of factsheets that provide comprehensive information about copyright. Some of the key points it stresses with regard to copyright and photographs are:

- Generally, the copyright in photographs lasts for the life of the creator plus 70 years.
- If photographs were taken



- prior to 1 January 1955, copyright has now expired.
- Ownership of photographs varies depending on the circumstances under which they were taken.
- You will not own copyright just because you own the camera.
- Photographers also have moral rights in relation to their works.

While the photographer generally owns the copyright, he or she can license their work so clients can use it. According to the Advertising, Commercial and Media Photographers (ACMP) association, the photographer will usually stipulate what usage rights are associated for the fees quoted.

A photographer may charge an additional licence fee for usages outside their standard

license terms. ACMP states, for example, an "additional licence fee may be charged where more than one commercial enterprise will have use of the images or where a client requests rights for publication in books and magazines. The broader the conditions of usage, the more you can expect to pay."

ACMP's Sacha Walters says real estate agents need to make sure that their licensing agreement covers all media that they intend to use the photographs for, such as the web, promotions and leaflets.

"And having a licence to have a photo on your own website is different to using it for online advertising," she says. "You really need to sit down with the photographer and go through

everything you intend to use it for so no one is caught out."

Copyright owners can sell or permit others to use their rights, with or without limitations and with or without conditions (such as payment).

Generally if you own the copyright, you have the exclusive right to:

- reproduce the photographs (e.g. making prints, photocopying and digitising)
- publish the photograph (making copies of the photographs available to the public for the first time)
- communicate the photograph to the public (e.g. putting the photographs onto a website, broadcasting or faxing them, or emailing digital files of them).

To guard against breaching copyright, it is best to put all agreements and transactions in writing.

Mary Anne says despite the complexity of the copyright issue, it is important to stay true to its principles – whether it's digital or not. "We need to continue to respect people's rights about work they have created and I feel there is a need for those using images to become better informed about the issue." ♦

Secrets of effective communication

BY CANDY TYMSON

How to get your message across in a world where technology is changing the way we communicate.

“The more elaborate our means of communication, the less we communicate,” said 18th century British writer Joseph Priestley. The statement raises the following question: Has the increase in the number of ways we can communicate (e.g. SMS, email, instant messaging, voicemail, Facebook and Twitter) actually diminished the quality of interpersonal communication, the kind that can only be obtained through body language, eye contact and a firm handshake?

US Marketing Strategist Al Ries expressed it well when he said: “Today, communication itself is the problem. We have become the world’s first over-communicated society. Each year we send more and receive less.”

Perhaps we have reached a stage in business where less really is more when it comes to communicating with each other. For every situation that would be improved by more

communication, there is a situation that would be improved by less communication.

For example, how do you feel when you receive an email that goes into great detail when all you needed were a few key answers? And we have all regretted sending out an email that may have revealed too much information or expressed our frustration and perhaps exacerbated a difficult situation.

So what to do?

Being clear on the outcome you wish to achieve from your message will ensure a better result. Think about whether you want to create awareness, build understanding, establish commitment, change attitude/behaviour or simply get something off your chest.

Next, consider the best method to issue the message. It may well be that a number of channels are required to reach your target audience

depending on their location, age and ability to buy, for example. And, of course, providing repetition of the message by using a number of different channels has proven to be very effective as well.

Core Message and Three Key Points Technique

Now, to the message itself. Simply by developing your core message, and then supporting it with three key points, you have an effective template for issuing an important announcement, presentation, sales or briefing document.

Consider the following questions to help in developing your core

message and identifying the three key points to support it.

- What do they need to know?
- Why do they need to know?
- How will it impact on them?
- How should they be told?

Communicating about communication can be challenging too! I hope these ideas will assist you in being more effective in getting an appropriate response. ♦

Candy Tymson is an expert in communication with a Master’s Degree in Human Resource Management and Coaching. Visit www.tymson.com.au/ videotips for one-minute video tips on communication.



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* Based on statistics from Nielsen Net Ratings in October 2010

Product news

The latest market offerings for real estate professionals.

Smoke Alarms Australia

W: www.smokealarmsaustralia.com.au P: 1300 125 276

There is a common misconception that maintaining a smoke alarm is just about changing the battery and pressing the battery test button. But one in four smoke alarms that agents inspect will fail to provide warning in the event of a fire because they've been tampered with, are incorrectly positioned, have not been cleaned and tested with smoke or have expired.

Property owners and managing agents throughout Australia have a duty of care to provide a property that is safe for tenants to live in. A NSW court decision in May 2010 brought this into sharp focus when a tenant sued their property owner and managing agent for negligence after being injured when repairs had been completed insufficiently by a handyman, when a professional contractor should have been employed. The court ruled in favour of the tenant awarding \$840,000 in damages*.

Managing your duty of care with Smoke Alarms Australia is no different to any other maintenance; property owners and agents must ensure their tenants are protected by using a qualified and insured contractor. The Smoke Alarms Australia team of qualified technicians will provide the necessary level of expertise, quality and professionalism.

* Hunt v Roads and Traffic Authority of NSW (2010)

The Rent Roll Broker

W: www.therentrollbroker.com.au P: 0403 090 522
E: chris@therentrollbroker.com.au

The sale of a real estate business is often an emotional and commercially delicate process. With businesses everywhere facing an uncertain future, The Rent Roll Broker is a fundamental partner in looking after the nest egg.

The Rent Roll Broker boasts over 35 years of industry experience and numerous awards recognising the quality of its service and expertise. The extensive national database of buyers and sellers allows agency Principals to reach the pulse of the industry by simply registering on a secure website.

CEO of The Rent Roll Broker, Chris Goodway, suggests that the success of the business is thanks to the "all-inclusive strategy of support, both through the transfer and well after settlement, with opportunity for succession planning ensuring a stable transition to benefit all."

NSW/ACT representative Sasha Jovanovic adds: "With the average age of agency principals over 50 years, there is a significant economic shift expected over the next decade, and now is the time to catch the rising tide."

PM BOSS

W: www.realestatedynamics.com.au P: 1300 734 596
E: admin@realestatedynamics.com.au

The new *Residential Tenancies Act* will commence soon and with it comes changes to a property manager's daily activities. Do you know how you are going to update your agency's procedures and documents? Here's what you should be doing already:

- Educate yourself on the changes and the impact they will have on your business and clients.
- Start making a list of current letters, forms and checklists you use each day and what will need to be updated and changed.
- Upgrade these communication tools and ensure that compliance checks are performed within your agency.

- Update your clients – the legislation will impact your landlords and tenants too. Educate them on the changes with newsletters, fact sheets from the NSW Fair Trading or personal letters.

Or you can get a system that can do it all for you. PM BOSS is a property management system with letters, forms, checklists, procedures and resources that are compliant and ready to use when the legislation starts. The risk to your agency will be reduced and customer service standards will improve.

OnlineAgent

W: www.console.com.au P: 1300 131 311
E: sales@console.com.au

Many people now use the web for personal business transactions, such as internet banking and paying bills. Real estate professionals who have recognised this trend are using OnlineAgent, Console's online real estate tool.

Landlords, tenants and vendors can log on to the online system and see information about their property. They can view, search and download all the details they need from their home or office computer, which means they don't need to contact your agency for basic information (e.g. confirmation that rent has been received).

Technological advancement is prompting clients to demand more value, more convenience and better service. Real estate professionals who want to stay ahead of the competition and maintain a reputation for being leaders in the profession should be using the latest online tools, including OnlineAgent.



BY TONY ARENA

Avoiding business broking pitfalls

Eight common mistakes made by business agents and how to avoid them.

Business brokers come to the profession from different walks of life – real estate, accounting, small business or large business. Their background usually determines what sort of business broker they will be.

As with most professions, the more experienced you are, the more you realise you don't know. Here are some common mistakes.

1. Not analysing the figures well enough

Most business brokers are salesmen, so there is a tendency to take the last year's profit and loss, and base the profit on that. You should look at earlier years' profit, not to do an averaging exercise but to fully understand

where the business has been and where it might be going. You should also find out how the business is trading now and present the current picture to a buyer, especially in a market as dynamic as this one.

2. Focusing too much on the figures

Once you have analysed the figures enough to gain a picture of the business from a financial point of view, it is time to step back and concentrate on the non-financial aspects. See the business from an internal and external perspective: What impact does the current economy have? How is it placed within its own industry? What is the future of this business?

How important is the current owner to the business and what systems are in operation? The key to the sale of a business is transferability. The valuable broker understands this and spends a good part of his or her time investigating transferability on behalf of potential buyers.

3. Not spending enough time to understand the buyer

Brokers act for the seller and hence we are preoccupied with the vendor and their problems. Spending time with a buyer, however, may unlock important information that will help you clinch this deal or find them something else to suit. Understanding buyer personality

and motivation is crucial for the accomplished business broker.

4. Not staying in touch with the seller when inquiry drops off

It is easy to talk to a seller when you are getting plenty of inquiry. But when inquiry dies down, that is when it is tough to make the call. What most brokers don't realise is that the vendor is often as embarrassed as the broker that the business hasn't sold. During this 'grind' period, the broker must maintain regular contact and seek suggestions from the seller on how to best offer the opportunity.

5. Not selling yourself

A business broker has the skills, abilities, contacts and

TIPS FOR BUSINESS AGENTS

Here are some quick tips for business brokers that will ensure you make your sales targets for 2011.

- Get out of the office as much as you can.
- Ensure that you have administrative support around you to enable you to meet the people you need to meet to secure the listings you want to have.
- Have a good database that can save you time and assist you in the selling process.
- Meet with other brokers and learn to work together on sales that you have. This is especially important for brokers who work on their own or in very small offices.
- Demonstrate your expertise by running webinars or producing articles that will help buyers, sellers and advisers understand how to improve the process of selling a business.
- Read literature that will help you in your practice. Subscribe to Google alerts on 'business broking' and 'business valuation'. Read what comes out of the US as they are well ahead of Australia in some areas of practice, notably vendor finance and marketing.
- Find ways of staying motivated. Understand that sales will fall over, pick yourself up and get on to the next one. Stay positive and every now and then reflect on what a valuable player you are in the small business world.





Thinkstock

6. Not appreciating the value of their database

The cheapest client to get is an old one. We spend so much time chasing new clients but fail to realise that there are so many people we have spoken to that could probably become a client if we make further contact. The database is gold!

7. Not having sales targets

It's OK to have listing targets, but business brokers get paid on sales. A broker should have a sales and commission target set for each year, broken up into quarters. A listing shouldn't be taken unless the broker actually

believes there is a good to very good chance of sale.

8. Not spending enough time on the preparation

Get all the documents you need in advance of the business going on the market. Compile all the information, create a good selling document and ask the vendor to pay for this. A dollar spent before the sale will mean two or more dollars to the vendor on sale. ♦

Tony Arena is an REINSW member and Managing Director of Business Connection International, a Business Broking company based in Sydney.

toughness to get a business sold. Combining the knowledge that a salesman, lawyer, accountant, finance broker, adviser, mentor and marketing expert must have,

the broker (in an ideal scenario) achieves a result that makes a buyer and seller happy. We as brokers don't spell this out enough to buyers.

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BY DAVID SANDERS

Do you have what it takes to be an auctioneer?

If you're a real estate professional considering a career in auctioneering, here's what you need to know.

There are records of the auctioneering profession dating as far back as 500BC. Today, auctioneering spans several areas including real estate, livestock, antique sales and motor vehicles, to name a few.

The basics

To become an auctioneer you need a real estate licence. The following attributes are also beneficial: the confidence to speak in front of a group of people, a good sense of humour, being well spoken and able to develop a rapport with strangers.

Prospective auctioneers should attend a number of auctions and see established auctioneers at work before trying to conduct one themselves. Listen to the auctioneer's spiel, look at the way he or she stands, take note of the one-liners and the inducements. Also observe how the auctioneer and sales agents interact as a team.

Now you can start to develop a smooth and fluent patter (glib, rapid speech). Try this simple training exercise.

As you are driving to an appointment, use the telegraph poles along the side of the road

to indicate a bid. Start your bidding call: "20 bid, 40, 60, 80, I have a 100, 120" etc. Do that a number of times and then start to add wording such as "the bid is to the left" or "the bid to the back". You will eventually build your call to thousands. Finish by saying "going once, going twice, for the third and final time ... sold!"

The right training

I recommend anyone interested in becoming an auctioneer to attend the REINSW Auctioneers Accreditation course, which gives licensed agents the necessary training to effectively perform auction sales.

When I attended the course many years ago, the trainer took students to Hyde Park in Sydney and instructed them to sell whatever they could see (e.g. pigeon poo and trees for timber). We had to raise our voice over the loud traffic noise as the trainer walked away shouting "I can't hear you!".

Prior to the REINSW course, I had completed a two-day workshop run by Keith Jones, Company Chief Auctioneer of Raine & Horne in the 1980s. He took us to a property in

Elizabeth Bay, Sydney that had sold at auction the previous week. He instructed us to pass it in for \$1,250,000.

After laughing at our attempts, he gave us a very sound piece of advice: When you hit the one million dollar mark stop saying "one million", just start from the beginning – the million is

REINSW Novice Auctioneers Competition. The event not only raises considerable funds for local charities, it has enabled dozens of individuals (including salespeople, property managers and office receptionists) to try their hand at auctioneering in front of their peers. See page 18 for more on the 2010 Novice Auctioneers Competition.



Prospective auctioneers should attend a number of auctions and see established auctioneers at work before trying to conduct one themselves.



implied and you're less likely to get tongue-tied.

Keith also recommended auctioneers hold the contract in one hand and the hammer in the other to control wandering hands.

Building experience

One of the best ways to gain experience in auctioneering is to offer your services at local charity fundraisers. The organisations will appreciate the help and you'll be contributing to a good cause. You can also take part in the

Any auctioneer who has conducted a successful auction, where you have a buyer overjoyed with their purchase and a vendor thrilled with a successful sale, knows that there is no better feeling in real estate. I encourage anyone considering a career in auctioneering to get involved in this exciting profession. ♦

David Sanders is the Principal of Sanders Realty in Point Clare. He is an auctioneer, real estate/stock & station agent and a member of the REINSW Auctioneers Chapter.

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Who are we?

Realcover is majority owned by the Real Estate Institute of New South Wales (REINSW) and provides tailor made insurance products for the Real Estate Industry.

Realcover's primary objective has been to contribute to a more stable insurance market and provide clients with certainty around their insurance coverage.







Gallagher Broking Services is the appointed agent for Realcover. Gallagher works closely with Realcover to share information and developments within the industry to ensure the clients have the most comprehensive cover available.

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-  Default of payment – up to 15 weeks
-  Departure of tenant without notice – up to 15 weeks
-  Death of a sole tenant – up to 6 weeks
-  Tenant hardship – up to 6 weeks

In it to win it

The *Real Estate Journal* talks to industry award winners about the value of entering ... and winning!

Kymbal Dunne, m² Office Leasing

Winner of eleven REINSW Awards for Excellence

What do you believe is the value of having an REINSW Award to your name?

First, you're getting recognition from a respected industry body. Second, you're being compared to your competitors by a judging panel of experts. This provides you with feedback that you are working at a high level.

Do you believe the process of entering is a worthwhile exercise?

Preparing a submission for an award can be time consuming. But on each occasion it provides you with the opportunity to review your work. This enables you to reflect on your achievements. It also allows you to set new standards for your business in the future.

Tell me about your experience of industry awards events.

Winning is very uplifting. Standing before your peers and colleagues and being recognised is extremely rewarding. And everyone enjoys being part of a successful company that has multiple award winners in its team.

What advice do you have for REINSW members who are considering entering the 2011 REINSW Awards for Excellence?

Go for it! Everyone should enter and compete. You may not win but you will certainly learn. If you're interested in excelling or simply improving yourself or your business, the exercise will be educational. I am always happy to discuss our submissions and the secrets to our success with other real estate professionals because they are just ideas. But I believe perseverance and implementation sets apart an award winner.



Rich Harvey, propertybuyer

Winner 2010 REINSW Award for Excellence – Buyers' Agent



For many years we've included REINSW Awards in our email signature, on the website – pretty much any promotional material. It builds credibility because it is an external stamp of approval. We can tell people how good we are, but it's much more powerful when an independent industry body says we're good.

Clients come to expect that we're going to win now. It gives them an extra sense of confidence that we will excel and employ best principles. It adds the 'trust factor' when using a buyers' agent.



Damien Cooley, Cooley Auctions

Winner 2010 REINSW Award for Excellence – Auctioneers, runner up Australasian Real Estate Institutes' Auctioneering Championships



An industry award is recognition that you are held in top regard in your profession, which is particularly important when chasing new business. We market the fact that we are an REINSW award winner and have had a lot of feedback from our clients, like notes of congratulations.

For auctioneers, REINSW Awards for Excellence Auctioneers Competition is a valuable experience as you need to win or be runner up to go through to the Australasian Real Estate Institutes' Auctioneering Championships.



Get ready for next year

Entries for the 2011 REINSW Awards for Excellence are opening soon.

From Tuesday, 1 March 2011, you'll be able to download a REINSW Awards for Excellence Entry Kit from the REINSW website. Go to www.reinsw.com.au and click on 'Awards for Excellence' in the 'Events & Awards' menu. Winners will be announced at the REINSW gala dinner in October.

Key dates

Entries open: Tuesday, 1 March 2011

Entries close: Thursday, 12 May 2011



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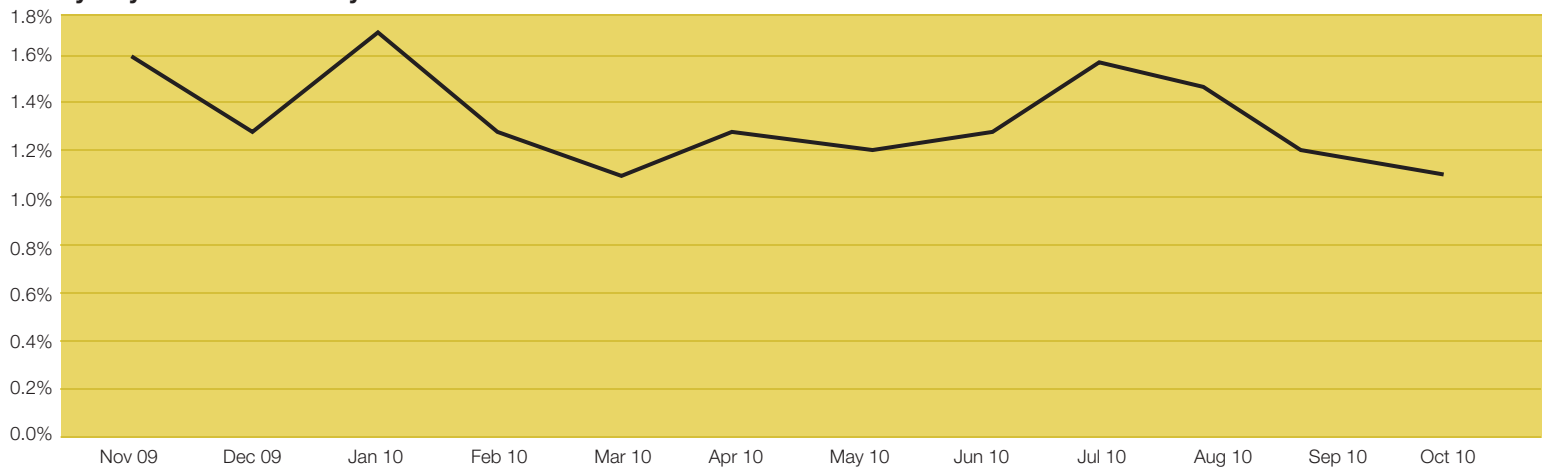


Check out the latest rate for your area. You can use it in your newsletters, information packs and discussions with potential investors.

Residential vacancy rate – Compiled by Inshgtrix on behalf of REINSW

SYDNEY	Oct-10 (%)	Sep-10 (%)	Aug-10 (%)	Jul-10 (%)		Oct-10 (%)	Sep-10 (%)	Aug-10 (%)	Jul-10 (%)
Inner	1.1	1.3	1.3	1.6	ALBURY	1.7	1.9	2.5	2.7
Middle	1.2	1.4	1.8	2.0	CENTRAL WEST	1.5	2.2	1.4	1.7
Outer	1.2	1.1	1.4	1.2	COFFS HARBOUR	1.6	2.9	3.0	2.9
Total	1.1	1.2	1.5	1.6	FAR WEST	-	-	-	-
HUNTER					MID-NORTH COAST	1.6	1.7	2.2	2.6
Newcastle	1.4	1.2	1.7	1.7	MURRUMBIDGEE	3.9	3.1	4.0	4.2
Other	1.5	1.5	1.9	1.8	NEW ENGLAND	1.6	2.0	1.9	2.1
Total	1.4	1.3	1.8	1.7	NORTHERN RIVERS	2.5	2.3	3.0	3.0
ILLAWARRA					ORANA	2.1	1.8	1.7	2.8
Wollongong	1.7	1.8	2.0	1.4	RIVERINA	4.0	3.1	3.1	3.5
Other	1.6	1.4	1.6	1.7	SOUTH COAST	1.4	1.5	1.6	2.7
Total	1.6	1.6	1.8	1.6	SOUTH EASTERN	0.9	1.1	0.9	1.0
CENTRAL COAST									
	2.3	1.6	2.2	2.1					

Sydney residential vacancy rate



Source: REINSW Vacancy Rate Survey

Did you know 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

	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
25/10/10	125	77.4%	43	68.1%	128	78.2%	176	62.8%	816	66.1%
24/10/10	118	72.5%	49	79.6%	77	64.1%	74	72.9%	629	62.3%
17/10/10	92	70.8%	47	67.9%	90	64.0%	66	76.3%	626	61.7%
10/10/10	110	79.8%	39	67.5%	54	71.0%	70	66.3%	558	64.3%
3/10/10	68	76.7%	20	77.3%	51	67.9%	74	69.0%	396	67.0%
26/09/10	126	80.1%	49	62.3%	100	73.1%	137	69.4%	843	64.1%
19/09/10	110	72.1%	56	82.0%	112	74.8%	111	72.4%	710	68.8%
12/09/10	72	85.5%	37	69.2%	65	76.4%	79	83.3%	477	73.8%
5/09/10	90	80.4%	26	73.1%	57	73.1%	71	67.1%	485	64.8%
29/08/10	115	78.7%	44	74.5%	58	67.6%	98	79.4%	632	72.0%
22/08/10	42	73.9%	30	62.9%	33	70.7%	43	80.0%	299	69.2%
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**To advertise in the
Supplier Directory
call Mark Lewis on
0414 881 300**



Be a part of the supplier directory

The *Real Estate Journal* has launched dedicated sections within our print and online Supplier Directory for Conveyancing, Recruitment and Strata Management.

Any advertisement booked in the Supplier Directory will also be featured on the REINSW website, which receives 132,000 page views per month!

1/12 PAGE RATES

1/12 ad: 60mm x 60mm

Casual	\$275
3 x	\$270
6 x	\$261
12 x	\$248

Prices include GST

The online advertising includes: your logo, contact details, company statement and a link to your website.

CONTACT

Mark Lewis, Advertising Manager
 Mahlab Media
 G9/1-15 Barr St, Balmain, NSW 2041
 M 0414 881 300 F (07) 5535 5628
 E mark@mahlabmedia.com.au
 www.mahlabmedia.com.au

1/6 PAGE RATES

1/6 vertical or horizontal ad: 60mm x 125mm

Casual	\$395
3 x	\$387
6 x	\$375
12 x	\$356

Prices include GST

Where Australia Goes for Signs!



Superb Photo Signs from

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SUPERB QUALITY CORFLUTE PHOTO SIGNS \$66

GAIN A MARKET ADVANTAGE

Why wait when you can have your sign up in 2 days of securing your listing. How impressed will your vendor be?

SAVE YOU & YOUR CLIENT MONEY

By installing the sign yourself, let your client see how hard your working for them. Saving over \$100.

PREMIUM QUALITY

Your photo signs are produced using only the best quality vinyl and inks printed high resolution.

NEXT DAY DELIVERY

Ok your artwork today and we will dispatch tomorrow.

FANTASTIC VALUE

\$66.00 for 900mm x 1200mm corflute sign, completely individualised. Initial artwork included.

CALL DAVE OR JO TODAY!

The lighter side of real estate

Being a real estate professional is an art form, writes REINSW member Erin Taylor.



BY ERIN TAYLOR,
AUSTRALIAN
PERFORMANCE REALTY
SERVICES

YOUR STORY

We want to hear your stories! If you have a humorous or interesting story you'd like to share with REINSW members in 'The lighter side of real estate', email the editor at leanne@mahlabmedia.com.au

An extensive portfolio spread throughout 180 suburbs in Sydney has meant my team of property managers have developed many skills and wear numerous hats when performing everyday duties. They are conciliators, handymen, negotiators, debt collectors and even pet rescuers, to name a few. There is one title, however, that we are rarely called but I think describes us perfectly – an artist.

1. The art of ... the gentle let down:

Politely yet firmly telling people their house is unclean or that the mould issue is caused by their living habits. That they, unfortunately, won't be getting their full bond back or that their application has not been approved.

2. The art of ... the quick diversion:

A property manager must always be alert. While showing a prospective tenant through a property the other day, to my horror I found that the current tenant had forgotten to flush the loo! Imagine trying to justify the \$2200 a week price tag with that image floating around in their head (no pun intended). I quickly diverted their attention to some of the more redeeming features of the property, avoiding a potentially embarrassing situation.

3. The art of ... creative copywriting:

This is where artistic flare can be let loose. With a million and one real estate

cliches across the market, a little extra effort can make a big difference. Some favourites I have come across include:

- A better position than you'll find in the Kama Sutra
- Yesterday, let me introduce you to today
- Calling Winona Ryder ('cause this one's a steal!')

4. The art of ... the quick clean up:

Imagine walking into a property ready for the Open for Inspection only to find junk mail strewn everywhere, the tenant hasn't opened a window since your last inspection six months ago and there's a cat busily tearing apart a toilet roll. What do you do? Quickly clean it up, of course.

5. The art of ... dressing for all occasions:

As a property manager you can never be sure of where you could end up in a day or who you are going to meet. You may be called to meet a new client and then to a flooded property, from a building site to CTTT hearings. Prepared for any situation, I keep several pairs of shoes under my desk. So, no matter what happens, I know I am properly heeled for the occasion.

With our lives and our industry becoming increasingly process driven, it is important to retain the use of the left side of our brains and embrace our inner Van Gogh – even if we feel like tearing off an ear sometimes! ♦

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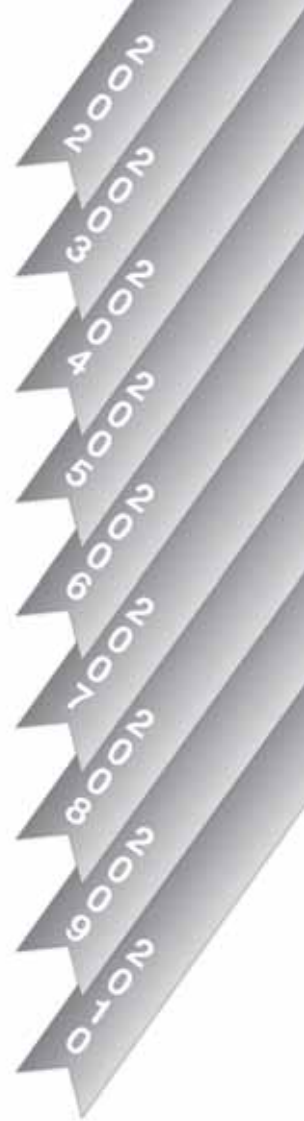
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