

Journal

SEP 2011
VOL-62/08



agents of change

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challenging the status quo**

Online 'valuations'
Valuers have their say

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... and how to avoid them



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Young agents
Dan Walker
and Katherine
Gaitanos
share the
secrets to
their success.

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The carbon tax has the potential to push the home ownership dream into the realm of fantasy for many.



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On the road again

One great aspect of my role as REINSW President – and indeed one of the most enjoyable – is that I'm able to go out and meet so many members.

Whether at one of REINSW's training courses or conferences, or at a Divisional meeting, Chapter forum or social event, the opportunity to meet members from across NSW has given me a better understanding of the different issues affecting agents on a daily basis. It's also given me a greater appreciation of why I am so very fortunate to be part of this great profession of ours.

Meeting members on their home turf

REINSW's recent roadtrip with our friends from the Real Estate Employers' Federation was one such opportunity. We conducted sessions in 19 different locations

across the state and each new place brought with it stories about the local marketplace and the highs and lows of day-to-day agency practice.

Providing members with an update about national licensing and covering a range of other issues – including underquoting, effective cause of sale and how to avoid employment claims – the sessions certainly stimulated lively debate.

It was also an opportunity for us to hear from members about some of the trials and tribulations of running a real estate practice in today's market.

While undertaking a roadtrip on this scale is quite a commitment, it was well worth the effort. My only regret is that there was not more time in each location to listen to more stories!

Meeting rising stars

The Novice Auctioneers Competitions currently being held in many Divisions have also seen the REINSW team out and about.

The Divisional competitions held so far have been nothing short of inspirational.

Watching up-and-coming agents showcase their talent, and seeing the different auction styles that are characteristic of different regions, has given me a great insight into the depth of talent in our industry.

This year, REINSW is running 13 Divisional competitions. Each of the competitions held so far have been sensational and there are still more Divisional competitions to be run.

To find out where they are being held, go to www.reinsw.com.au. If you have the opportunity to

attend, don't miss it. You'll have a great time.

The State Final will be held in Sydney on Friday, 25 November 2011. The quality of novice auctioneers has been extremely high this year – so the State Final certainly promises to be very competitive.

Finally, I'd just like to thank the team at REINSW for their tireless efforts in organising and promoting all of these events. I'd also like to thank all of our members – thank you for all your continuing support and I look forward to visiting you in your local areas again soon.



Wayne Stewart
REINSW President

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Keep it simple to encourage investment

With the introduction of any new legislation, there is always a period of adjustment and the commencement of the *Residential Tenancies Act 2010* on 31 January this year was no exception.

REINSW have been working with members to make sure they fully understand their obligations under the changes, while also identifying issues with the legislation and bringing them to the attention of government.

At a time when the rental market is already tight, government should be encouraging purchasers to invest in the residential property market, rather than introducing obstacles that make investing in real estate less attractive.

What REINSW is asking the government to do is ensure the system benefits both landlords and tenants.

REINSW is preparing a submission for the Minister for Fair Trading Anthony Roberts

highlighting the issues that we, and members, have identified as areas of concern in the new Act and we will continue to lobby the government to ensure these concerns are heard.

There is a rental crisis gripping NSW and while REINSW acknowledges there are a variety of investment opportunities out there, our fear is that there are some aspects of the Act, which we are outlining in our submission, that will deter investment in residential property at a time when it is so desperately needed.

Alarming, it's just eight months since the *Residential Tenancies Act 2010* was introduced and we are already hearing anecdotally that existing landlords are moving away from property and choosing other investments – further exacerbating the already chronic shortage.

While most property managers have overcome the initial period of adjustment, there remain a

number of issues that REINSW is focused on highlighting and areas where agents and tenants are yet to understand the full impact.

Our key concerns

The inflexibility of many of the provisions takes away the possibility for reasonable negotiation to suit both parties.

Forcing a landlord to install prescribed water efficiency measures, whether a tenant wants them or not, or risk not being able to recover water usage costs from a tenant is just one of the areas causing concern.

REINSW has received feedback from property managers that many tenants are unhappy about these enforced requirements and this is in line with the warnings we gave the NSW Government that these provisions would be unpopular and cause confusion in the market.

How the CTTT will deal with the issue of documenting compliance

with these new requirements still remains to be seen.

Another key concern for REINSW is the change to limit the period a defaulting tenant can be placed on a database to just three years.

It's simply not long enough when a judgment debt can be pursued for up to 12 years.

REINSW will continue to lobby the government to ensure the best outcomes for our members, landlords and tenants alike because unless we see the government take action in these areas we fear the rental shortage will continue.

Tim McKibbin
REINSW CEO



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Call to cut headworks

Governments and local councils have been urged to reduce headworks costs in an effort to address housing affordability and kick start much-needed real estate development.

First National Real Estate Chief Executive Ray Ellis has called for action from governments and councils, especially those in regional areas, to encourage more development.

Whereas once local councils' headworks charges paid mostly for water and sewerage, they can now include infrastructure costs for roads, footpaths and more.

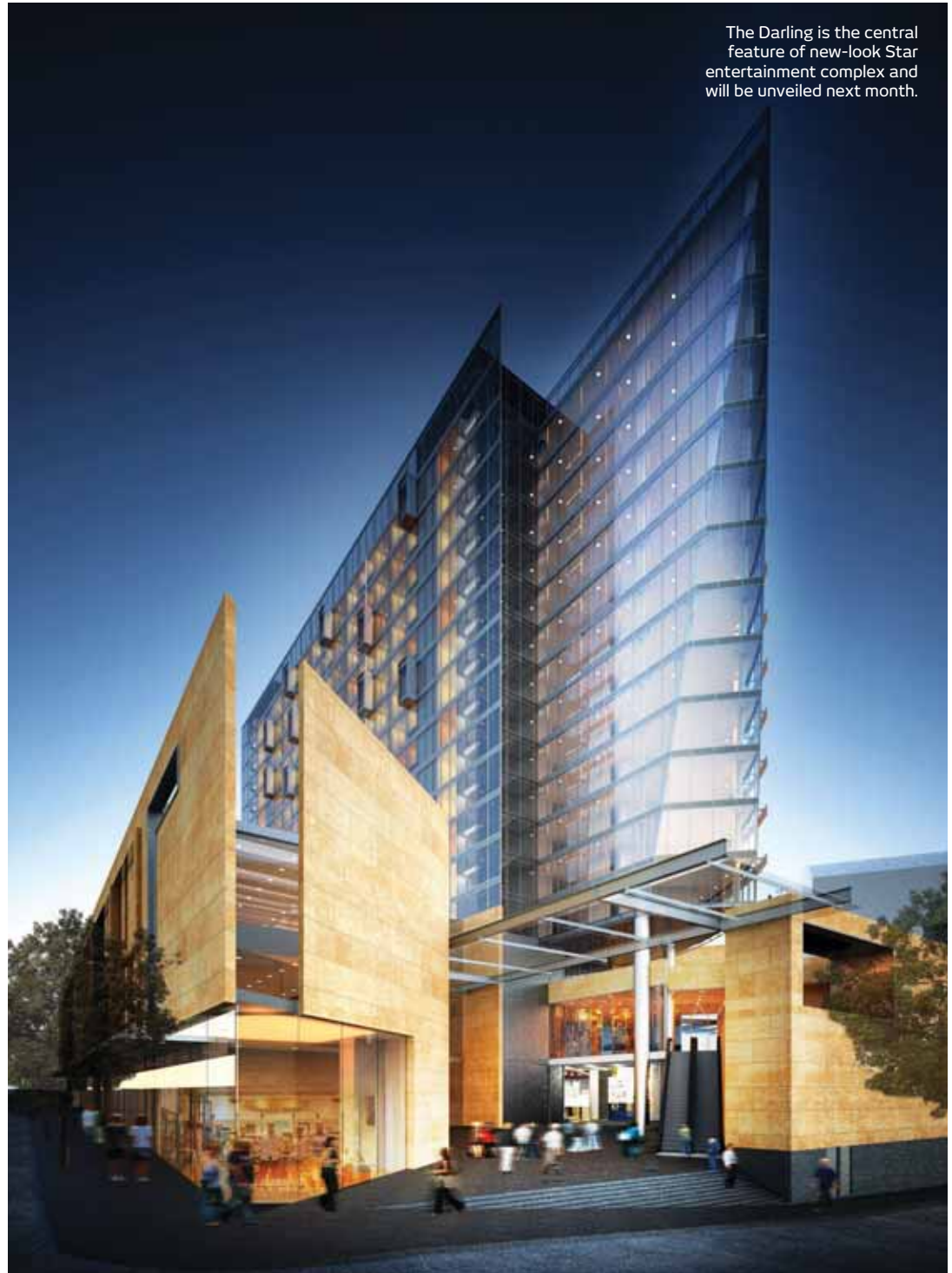
In NSW, Victoria and Western Australia, charges vary between \$58,000 and \$404,000.

Criticism for government housing plan

The NSW Government's decision to release 3000 housing lots in south-west Sydney has received a chilly reception from planning experts, who have urged Premier Barry O'Farrell to review his plan for a major expansion of housing on the city fringe.

The planners and economic forecasters cite limited demand from potential buyers as the main issue, while also warning the government will have to abandon its proposal for an even split between housing development on the fringe of the metropolitan area and urban consolidation within existing suburbs.

The Darling is the central feature of new-look Star entertainment complex and will be unveiled next month.



Star unveils a new Darling

Sydney will welcome the newest addition to its hotel family next month when The Darling opens to the public.

Located on the edge of Sydney Harbour, The Darling is a central feature in the \$860 million refurbishment of The Star –

formerly known as Star City. The entire Star entertainment complex is being reoriented to face Darling Harbour and when fully reopened later in the year will include 171 rooms and suites, 20 new bars, cafes and restaurants, a shopping area and refurbished casino.

The Darling has been designed as a stand-alone hotel and is the first five-star newly built hotel to grace the Sydney skyline since 2000.

It will bring the total rooms and suites at The Star to more than 650 across three towers.

Gen Ys save for investment, not home

A national survey of Generation Y first-time property investors has found 43 per cent are putting aside the Great Australian Dream of home ownership, opting instead to buy an investment property as their first purchase.

The Mortgage Choice 2011 First Time Property Investors Survey shows 77 per cent of Gen Y respondents are making lifestyle sacrifices to achieve their goal, compared to 66 per cent of Gen X and Baby Boomers.

All generations agreed the top motivator to purchase an investment property was to set themselves up financially for the



future, but 15 per cent of Gen Ys said they were taking the first step into the real estate market with an investment property because they could not afford the home they wanted.

Mortgage Choice spokesperson, Kristy Sheppard, said the

findings called into question the concept of the Great Australian Dream for young people.

The survey also found Gen Ys were more likely to buy property solo and the internet was the preferred source for researching their purchase.

REINSW IN THE MEDIA

Regional areas have been promoted in REINSW CEO Tim McKibbin's regular column in the *Sunday Telegraph* as he supports members and their local areas.

Print

- 'Katoomba in all its glory' read the headline in Tim's *Sunday Telegraph* column of 31 July. "The road upgrades and affordability of the area are making Katoomba and the surrounding towns more affluent," he said.
- Another *Sunday Telegraph* column highlighted Wollongong and the redevelopment of the CBD, while another promoted Nowra and the wider Shoalhaven area.

Radio

- REINSW President Wayne Stewart was active on the radio about the potential impact of the carbon tax on the property sector, with interviews on 2SM in Sydney and Triple Z in Lismore.

Reminder: trust account audit due!

Your audit and statutory declaration forms are due to be lodged by 30 September 2011 – so the deadline is fast approaching. It is imperative that licensees ensure that they are on track to comply.

You should ensure that your trust account auditor is either a registered company auditor within the meaning of the

Corporations Act 2001 (Cth) (you can search at www.search.asic.gov.au) or qualified under s 115(1)(b) of the *Property, Stock and Business Agents Act 2002* (NSW) to conduct the audit.

If a trust account audit report or statutory declaration is not lodged by the due date, licensees can be disqualified

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Uneasiness over carbon tax

Real estate agents remain concerned about the Federal Government's hotly debated carbon tax, declaring it is just another factor putting people off investing in property.

The carbon tax has received a largely negative reaction from property industry groups who have voiced concerns it will penalise new home buyers and small businesses, with increased construction costs likely to impact housing affordability.

There are worries that the carbon tax – effective from July 2012 – is spooking potential property investors and denting confidence in the real estate market.

REINSW is warning the carbon tax will push house prices up by thousands of dollars and make it more difficult for people to own their own home.

"The knock-on effect of this could see the median Sydney house price pushed out of the reach of many prospective home buyers," REINSW President Wayne Stewart said.

"The carbon tax has the potential to push the home ownership dream into the realm of fantasy for many."

Peter Baldwin, a Director at Richardson & Wrench Sydney, said he believed the tax debate had caused nervousness in the market, particularly for investors.

"It just becomes one of those tangibles in people's minds putting them off investing," Peter said.

"It is now one of a number of sobering factors preventing a strong market – alongside interest rates and affordability."

He noted that the carbon tax would affect investors by making renovations more costly.

The carbon scheme and these flow-on effects will require real estate agents to rethink how they approach selling property, Peter said.

This apprehension was shared by Bruce Gunning, Principal at Ray White Rural Sydney.

He said there was confusion about the carbon tax and it was causing uncertainty.



THINKSTOCK

“The carbon tax has the potential to push the home ownership dream into the realm of fantasy.”

"The majority of people cannot see any logical reason for the tax, so the uncertainty is triggering fear among people looking to invest," he said.

"Although the property market in rural NSW is primarily influenced by the weather, this tax is another worry for people hoping to buy or sell." ♦

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When a valuation is not a valuation

Recent media attention has put the spotlight on the rise of online property 'valuation' products.



The potential risks to consumers using these 'easy' and often free 'valuations' have been less widely publicised and are not well understood by the public or consumer protection authorities.

REINSW and the Australian Property Institute (API) have called for the practice of providing free online 'valuations' to be investigated by regulators, including state Fair Trading offices, not only to protect the role of registered property valuers, but also to protect the public who may not understand the complexities involved in completing an independent, professional valuation.

National President of the Australian Property Institute, Philip Western, said it was important for consumers to understand the 'free valuations' are based on quantitative information only. They do not involve an inspection of the property, do not take into account the actual condition of the property, and should not, ultimately, be relied upon by consumers as a substitute for an independent valuation.

"Statistically Generated Assessment Models (SGAMs)

have a limited place in the lending institutional environment dealing with portfolio and mortgage situations, however I have real concerns when such a product is made available to the consumer under the guise of a valuation," Mr Western said.

"It is important for the public to recognise that what they are getting is a SGAM and that a SGAM is not a valuation completed by an independent professional valuer."

REINSW's Valuers Chapter Chair Colin Rooke said support of extra low cost online valuations by banks and lending institutions contributed to an incorrect perception that valuations could be done cheaply and also encouraged a lowering of professional standards.

"There is a reason that professional valuers undertake an initial course of study lasting many years and that is to qualify for registration as valuers under the *Valuers Act 2003*," says Mr Rooke.

"Correctly valuing a property is difficult, requiring consideration of many factors. It is not an exact science and this view

has been endorsed by the High Court of Australia. The skill and experience of the valuer are essential in getting it right. It is not simply a number crunching exercise that can be completed in a few seconds, using some algorithm."

Mr Rooke gave a simple example. "House statistics for Sydney's top suburb, Point Piper (Capital Growth in Median Prices), showed a drop of 31.9 per cent for the year 2011, while they showed an increase of 44.6 per cent for the calendar year 2010.

"How are these erratic 'Statistically Generated' figures of benefit to the consumer who may have purchased their home last year and now needs to sell because of an employment transfer? Does the consumer confidently accept the new statistics and sell their home for 31.9 per cent less than they paid last year?"

"Banks have an enormous amount of influence on valuers and on consumers," he said.

"A real problem is that in recent years, banks have driven the price of valuations down so low, and

pressured turnaround times so much, that they are accepting sub-standard valuations. "Experienced and thorough valuers, who cannot compete on price, are carefully considering their future in the profession with some already voting with their feet and leaving the profession.

"If SGAMs continue to be promoted in the marketplace as a substitute for independent valuations, this trend will only accelerate."

This lowering of standards is becoming a major concern throughout the profession.

"The banks don't seem to really care, as it would appear the professional registered valuer is now regarded almost as a de facto mortgage insurer. We are all aware that APRA has been remiss with their obligations in the past, to the detriment of consumers and I would hope they are now fulfilling their statutory obligations," Mr Rooke said.

He believes that ultimately, consumers and the wider community would suffer from the use of low cost online 'valuations' if they continue.

"Lending decisions will increasingly be made on inaccurate data sourced from statistics and a computer program, which does not have regard to real market factors or take into account all the discretionary factors which affect the value of a property.

"We need to look beyond the mere price of a valuation, and actually focus on its content.

"I believe banks and other financiers have a responsibility here to avoid cut-throat cost cutting when selecting valuations, in order to boost

their profits by cutting fixed expenses" he said.

"The downside of cheap 'valuations' will ultimately come back to bite the banks and their consumers. Unfortunately, through many years of indoctrination by the ACCC, price competition has also been instilled in the consumer as the paramount consideration when selecting any product or service. The result of this is readily evident in other areas. Had many of the badly affected Queensland flood victims not

“

The skill and experience of the valuer are essential . . . It is not simply a number crunching exercise that can be completed in a few seconds, using some algorithm.”

”

been so driven by the desire to obtain the cheapest possible insurance, but instead focused on what their policy actually covered, there would be less heartache than now exists."

Mr Rooke has a final warning for consumers: "You get what you pay for in this world."

"Consumers should attach due weight to free or cut-price SGAM 'valuations' before embarking on what will probably be the biggest financial investment decision they will ever make," he said. ♦

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Big move to smaller houses

Less is more for buyers looking to live in smaller, more efficient and affordable homes, one of Australia's largest property developers says.

Statistics from Stockland's end of financial year report suggests homebuyers are shying away from larger properties in favour of more affordable, energy-efficient homes.

The three-bedroom, two-bathroom home has made a conspicuous return to the market after property sizes peaked in the noughties. Customers are opting to sacrifice that extra rumpus room or indoor gym to keep down the costs of electricity and household maintenance.

Only two per cent of all homes developed by Stockland this year had five bedrooms, in comparison to 10 per cent in 2007. The average size of a four-bedroom house has also dropped by 20 per cent in the same period – a reflection of buyer demands for more streamlined and cost-efficient home design.

While affordability is a driving factor, Kathryn Hall from Kathryn Hall Real Estate has identified a number of cultural and political elements that have contributed to this growing – or, rather, shrinking – trend.

“There's been a huge cultural shift in what people want to spend their money on. Baby Boomers are reaching the end of their working lives and no longer have kids at home. They want to go out and see the world. They don't want to be saddled with the trouble and expense of maintaining a big, empty home.”

While past generations have typically lived their adult lives in one home, Baby Boomers are much more likely to downsize in early retirement. Kathryn also believes a growing cultural awareness of our carbon footprint and value for environmental sustainability has shaped this trend.

The introduction of BASIX (Building Sustainability Index) has pushed up the costs of construction, encouraging developers to curb their greenhouse gas emissions through energy and water reduction targets.

Downsizing in Dubbo

The demand for smaller housing is not limited to Metropolitan Sydney. Bob Berry, Principal of Bob Berry Real Estate, identified



“We anticipate even first homebuyers and others in the future will be happy with 130 to 150 square metre buildings.”

a similar shift in cultural values within the community of Dubbo. Downsizing in Dubbo is heavily restricted due to a lack of appropriately zoned land.

Bob believes this is against the interests and demands of the housing market.

“We believe there is a strong argument that the minimum size covenant be reduced in some residential subdivisions to allow for a continuation of the trend found in the Stockland report.

“What the ageing population is looking for is a smaller house with a smaller lawn,” Bob said.

“We anticipate even first homebuyers and others in the future will be happy with 130 to 150 square metre buildings.”

Broader lifestyle changes, like longer working hours and delayed retirement, are top contributing factors according to Bob.

Growing sectors of society are no longer interested in dedicating the time and costs needed to maintain a larger block of land as their values shift from outside to indoors.

Whether it comes down to environmental sustainability, affordability, or simply changing cultural values, one thing remains clear: downsizing is big business. ♦

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It's no secret young agents Dan Walker and Katherine Gaitanos have found professional success by seeing their youth as an advantage



agents of change

Young agents share the secret to their success as they shake things up with a fresh approach to traditional challenges.

BY TINA LIPTAI

Youth is rarely seen as an advantage in an industry where experience and local knowledge put you ahead of the rest. But tech-savvy young agents are setting themselves apart from more seasoned competitors with their passionate, innovative approach to real estate.

Once viewed as a 'fall back' career option, real estate is fast becoming the first choice for young people keen to make their own mark on the industry.

"As a young agent, I want to try new things and explore new ideas."

Growing up with technology at their fingertips, agents in their 20s are joining the industry with an inherent understanding of how to make use of it in all aspects of their professional life to give them an edge.

From working in a paperless office to using social networking to build their profile, young agents Dan Walker and Katherine Gaitanos are among the growing number of professionals who know success is achievable at any age.

The first choice for a new generation
Both Dan, 24, and Katherine, 27, decided to embark on a career in real estate shortly after leaving school, but for different reasons.

"I was doing my HSC and didn't have a clue what I wanted to do but I knew I didn't want to go to uni. I was good at school but I hated study," Dan, who is an Executive in Office Leasing for Colliers International (NSW) Pty Ltd, says.

"I was working in retail and I was good at that, when one of the ladies I worked with suggested I do some work experience with her nephew who owned a real estate office."

So, when he should have been slaving over the books, studying for his upcoming exams, Dan spent his school holidays doing work experience in real estate.

But it paid off, and after the two weeks he was offered a job at the small real estate agency on the Central Coast, which he accepted after completing his HSC.

For Katherine, who is a Senior Portfolio Manager with McGrath Estate Agents, it was her love of property that sparked her interest in the industry.

"I have a passion for it. It's always challenging, every day is different, your mind is always active," she says. "Property management was my first entry into real estate and I just fell in love with it."

Setting themselves apart from the rest

The integration of technology into the daily business of the real estate industry is nothing new, but young agents have embraced technology and made it work for them in a way other generations are yet to do.

From Twitter to LinkedIn, Dan says having an online profile and using it to communicate with existing and potential clients is an important part of his success.

"I think people that don't adapt will be left

"Change can be hard for anyone. I think the more seasoned agents are happy to keep things unchanged, as they know what works for them. As a young agent, I want to try new things and explore new ideas."

Katherine says technology has helped improve her efficiency at work, and believes it will change how the public perceive real estate agents and attract more young people to the industry.

"Take property inspections; we used to have to go with a clipboard and paper, fill out the form, come back to the office and type it up. Now we take along our phone, the program is on there and we can do it all as we are going through the property," she says.

"I think young agents probably started tapping into this technology two or three years ago, so they are ahead of the pack."

behind. Especially being in commercial now, I'm dealing with business people on a day to day basis," he says.

"I took it up around two years ago, and in the last six months it has started to pay real dividends.

"I think young agents probably started tapping into this technology two or three years ago, so they are ahead of the pack, but it's going to become mainstream soon as more and more large companies start to get on board."

In the eight years Katherine has been in the industry, she has seen the shift from filing cabinets to working in a paperless office.

She says being used to changing technology and operating systems is an advantage younger agents have over their competitors.

"It's about knowing where you want to go and taking up the opportunities."

For Katherine, success was about developing her skills and passion for property management. Finding the right working environment and culture was also important.

Tackling challenges from a new angle

Most young agents would agree there are some challenges with being seen as 'new' or 'inexperienced', but both Katherine and Dan believe looking at things from a fresh perspective is the key to overcoming problems.

"If you look young, people might not take you seriously," Dan says. "You have to make sure your product knowledge is exceptional because people will ask a lot of questions and if you can't answer then they lose confidence in you."

Attracting new clients can be tough, but Katherine believes young people just need to approach the situation differently and use their youth to their advantage.

"Getting new clients on board can be hard, especially when you don't look as mature as your competitors. I realised I just needed to take a different approach and use my age to my advantage," she says.

"As a young professional, I am full of energy and enthusiasm, this career is exciting for me. I don't think older agents always feel the same way. Enthusiasm isn't enough though, we still need current and relevant market knowledge to mix with the best, without this our energy and enthusiasm would just be wasted. An ability to pick up new technologies quickly also gives young professionals an edge."

As part of the REINSW Young Agents Chapter, Dan says the opportunity to meet and network with other young people was invaluable.

"It's great to be helping each other solve problems we come across at work and getting to know there are other young people in the industry going through the same things." ♦





BY HELEN CUNNINGHAM, TRUSTEE, REI SUPER, AND
JOHN GREIG OAM, TRUSTEE, REI SUPER

Are you super savvy?

Salary sacrifice is a great way to grow your super and pay less tax. The *Real Estate Journal* looks at what young agents can do to make the most of their super.



Salary sacrifice is having an arrangement with your employer to pay part of your gross income directly into your super account, before it is taxed. This can help grow your super for a more comfortable retirement while reducing your personal income tax. The value in starting super contributions early is that the long-term benefits of compound interest apply, assisting you in growing your retirement savings while ensuring you can still pursue your property and other financial goals.

Advantages of salary sacrifice

Salary sacrificed super contributions are taxed at 15 per cent upon entry into a

super fund, a lower rate than most people's marginal rates payable on income tax.

If you earn less than \$61,920 per year you may also be eligible for the government co-contribution payment of up to \$1000. To learn more about this method of personal contribution you can find out more from REI Super – the industry super fund for real estate professionals. Information is available to all persons working in the industry at www.reisuper.com.au.

How to get started

Simply advise your payroll department that you wish to commence salary sacrifice into

your super. It is always a good idea to do this in writing, nominating a total amount for the financial year or a lump sum if preferred. This prevents any misunderstanding.

Your employer will notify REI Super of the contribution type and amount when making your superannuation payments.

You can then check online that your super contributions are being made into your account. ♦

For more information go to www.reisuper.com.au or call 1300 13 44 33.

The information provided is for general information

purposes only. It does not take into account your investment objectives, financial situation or specific needs, therefore it doesn't constitute personal advice on investment or financial matters. This information is provided by REI Superannuation Fund Pty Ltd ABN 68 056 044 770, AFSL 240569, RSEL L0000314 Trustee of REI Super (ABN 76 641 658 449), SPIN REI0001AU, RSE R1000412). August 2011.



WHAT TO CONSIDER BEFORE YOU SALARY SACRIFICE

- Salary sacrifice arrangements are not available to everyone and not all employers will offer the option.
- Because the tax treatment of salary sacrifice contributions is different to that of personal super contributions (made from your after-tax pay), it may not suit your circumstances. You can use the calculators available on REI Super's website to determine the amount of personal super contributions you would like to make. REI Super members can also call the REI Super helpline on 1300 133 44 33 to discuss their situation or obtain further information if necessary.
- When making a decision, ask your employer the gross pay figure they will be using to calculate your nine per cent Super Guarantee (SG) contributions – will it be before or after your salary sacrifice has been deducted? Example: If you gross \$50,000 p.a. and you salary sacrifice \$5000 p.a., your employer may pay your SG contribution on \$45,000 instead of the \$50,000 you are earning. Ask your employer for clarification.
- If you are aged between 65 and 75, you will need to meet the work test (which requires that you work a minimum of 40 hours in a continuous 30-day period during the financial year) to make either personal or salary sacrifice contributions to your super. If you are aged 75 or over, you are not eligible to contribute.
- If you receive bonuses or commissions periodically you can advise your employer that you would like to deduct a personal contribution from this payment if you would prefer to leave your base salary unchanged.
- There are limits to the amount of income you can salary sacrifice to super. For the 2011-12 financial year it is \$25,000. For those aged 50 and over, it is \$50,000. This temporary increase will finish after the 2011-12 financial year. REI Super will keep members informed of government announcements regarding any changes to this.

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keep learning



What really drives your training decision?

BY MICHELLE MORCOMBE, REINSW EDUCATION & TRAINING MANAGER

We all know cost is a key driver in choosing a training provider, but just how much value do you place on the quality of training and the value of learning?

There are many training providers to choose from, but what influences your final decision can make all the difference when it comes to getting the most out of the learning experience. We all know cost is a key driver in choosing a training provider, but what about quality and the value of learning?

There are numerous providers in our industry and all deliver on the regulated CPD points requirement, but should you also consider the learning to be gained along the way?

My advice to anyone considering attending training is to think long and hard before you enrol, and if you do decide to register don't merely pay your money and be content with receiving your CPD points. Points will meet the state's regulatory requirements but they are not going to help you find, retain, secure and grow your business or enhance your professional development.

Associations have many offerings to their members



and industry, be it research, lobbying, networking, professional development, education, recognition, awards programs, advocacy and much more. In looking at these offerings there seems to be a lot of reasons why someone should choose to be involved with an association in some form.

Members who do get involved, through joining committees, entering member only award programs, attending professional development, undertaking education, or attending networking events,

reap the benefits of being part of a membership community. We at REINSW are constantly in communication with our membership community. They are the real estate professionals who are at the 'coal face' of our industry and we seek their input and they actively provide feedback to us about what is really happening in the marketplace. Our dedicated members who volunteer their time, experience and knowledge work with us to identify, develop and source the most relevant training topics and professionals. This combination is powerful

and one every real estate professional should be part of. At REINSW, quality is our focus and we will not compromise on that. We stand firm on our price, our quality and our value as an association and training provider.

What other NSW provider can boast 100 years of industry support in this sector? Support which brings history, knowledge, experience, reputation, credibility, learning and so much more. To any real estate professional who is serious about building their knowledge, business and success in this industry should think about where they spend their training dollars.

The training landscape has changed considerably over the years with information readily accessible through the many Internet search engines, but now more than ever there is a greater need for training – and good training at that.

Don't lose sight of the value of true learning. Make your training work for you.

REINSW Training Calendar

OCTOBER/NOVEMBER 2011

OCTOBER 2011

MON	TUE	WED	THU	FRI	SAT	SUN
<div><div></div> CPD workshops – go to www.reinsw.com.au for course descriptions and prices</div> <div><div></div> Course in Property Practice (full and part time as indicated). Certificate of Registration Course (Real Estate) (full and part time as indicated). Price includes REINSW Student Membership</div> <div><div></div> Licensing Course (full and part time as indicated)</div> <div><div></div> Forums and Divisional meetings</div> <div><div></div> Novice Auctioneers Competitions</div>					1	2
3	4	5	6	7	8	9
PUBLIC HOLIDAY LABOUR DAY	SYDNEY Course in Property Practice (full time) - 4 days (9.00am – 5.00pm)					
	SYDNEY CPD The ABC of compliance (9.30am – 1.30pm)	SYDNEY Real Estate Licensing Course (part time) commences	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY CPD Creating impact and influence (9.30am – 1.30pm)		
			SYDNEY CPD The nuts and bolts of residential tenancies (9.30am – 1.30pm)			
10	11	12	13	14	15	16
SYDNEY Real Estate Licensing Course (full time) - week 1 Market property, agency and self – 5 days					<div><div></div>SYDNEY REINSW Awards for Excellence Gala Dinner</div>	
SYDNEY Course in Property Practice (part time) commences (9.00am-5.00pm)	SYDNEY Course in Property Practice (part time) continues (9.00am-5.00pm)	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY CPD Maximise your new management success rate (9.30am – 1.30pm)		
	SYDNEY CPD The Commercial Toolbox (9.30am - 4.30pm)					
17	18	19	20	21	22	23
	SYDNEY CPD An agents guide to tax and property investment (9.30am-1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY CPD Prepare for selling like never before (9.30am – 1.30pm)		
	SYDNEY Buyers Agents Forum (2.30pm – 5.00pm)	TAREE CPD The ABC of compliance (9.00am – 1.00pm)	NEWCASTLE CPD The ABC of compliance (9.00am – 1.00pm)			
	PORT MACQUARIE CPD The ABC of compliance (9.00am – 1.00pm)	SYDNEY Course in Property Practice (part time) continues (9.00am-5.00pm)	SYDNEY Course in Property Practice (part time) concludes (9.00am-5.00pm)			
24	25	26	27	28	29	30
SYDNEY Course in Property Practice (full time) - 4 days (9.00am – 5.00pm)				TWEED HEADS CPD Working smarter with strata (9.00am - 1.00pm)		
SYDNEY Real Estate Licensing Course (full time) - week 2 Real Estate Sales – 5 days						
	NEPEAN, HAWKESBURY, BLUE MOUNTAINS and PARRAMATTA Novice Auctioneers Competition	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY CPD An agents guide to tax and property investment (9.30am-1.30pm)		
	SYDNEY CPD Essential OH&S for property managers (9.30am – 1.30pm)					

NOVEMBER 2011

MON	TUE	WED	THU	FRI	SAT	SUN
	1	2	3	4	5	6
	MELBOURNE CUP	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY CPD Telephone techniques (9.00am – 12.30pm)	SYDNEY Cert of Reg Course (Real Estate) (part time - Saturdays) commences	
			SYDNEY CPD The ABC of compliance (9.30am – 1.30pm)	SYDNEY CPD Managing yourself and your workload (1.00pm – 4.30pm)		
			PARRAMATTA CPD Creating impact and influence (9.00am – 1.00pm)	SYDNEY CPD The nuts and bolts of residential tenancies (9.30am – 1.30pm)		
7	8	9	10	11	12	13
SYDNEY Certificate of Registration Course (Real Estate) (full time) - 4 days (9.00am - 5.00pm)				SYDNEY CPD Maximise your new management success rate (9.30am - 1.30pm)	SYDNEY Cert of Reg Course (Real Estate) (part time - Saturdays) continues	
SYDNEY Real Estate Licensing Course (full time) - week 3 Managing Agency Finances - 5 days						
	MERIMBULA CPD The ABC of compliance (9.00am - 1.00pm)	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY Strata Management Forum (3.00pm - 5.00pm)		
		BATEMANS BAY CPD The ABC of compliance (9.00am - 1.00pm)	NOWRA CPD The ABC of compliance (9.00am - 1.00pm)			
14	15	16	17	18	19	20
SYDNEY Cert of Reg Course (Real Estate) (part time) commences	SYDNEY Cert of Reg Course (Real Estate) (part time) continues	SYDNEY Breakfast Club (7.30am - 9.30am)	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY CPD Prepare for selling like never before (9.30am - 1.30pm)	SYDNEY Cert of Reg Course (Real Estate) (part time - Saturdays) continues	
	SYDNEY CPD An agents guide to tax and property investment (9.30am - 1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues	WAGGA WAGGA CPD Essential OH&S for property managers (9.00am - 1.00pm)			
21	22	23	24	25	26	27
SYDNEY Real Estate Licensing Course (full time) - week 4 Residential Property Management - 5 days					SYDNEY Cert of Reg Course (Real Estate) (part time) concludes	
SYDNEY CPD Communication and dealing with challenging situations (9.00am - 4.00pm)	SYDNEY CPD Mastering retail leases (9.30am - 1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY State conference and Novice Auctioneers Competition State Final		
		SYDNEY Cert of Reg Course (Real Estate) (part time) continues	SYDNEY Cert of Reg Course (Real Estate) (part time) concludes			
28	29	30	1	<div>SPECIAL NOTICE</div> <p>Please be advised that as of 1 November 2011 the Course in Property Practice will be renamed Certificate of Registration Course (Real Estate).</p> <p>In this Training Calendar you will see both names appearing as we transition across to the new name.</p>		
SYDNEY Certificate of Registration Course (Real Estate) (full time) - 4 days (9.00am - 5.00pm)						
	SYDNEY CPD Creating impact and influence (9.30am - 1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues	SYDNEY Real Estate Licensing Course (part time) continues			
			SYDNEY CPD The ABC of compliance (9.30am – 1.30pm)			
			DEE WHY CPD Creating impact and influence (9.00am - 1.00pm)			

AN AGENTS GUIDE TO TAX AND PROPERTY INVESTMENT

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 October 2011
Sydney 28 October 2011
Sydney 15 November 2011

Time 9.30am - 1.30pm

CPD 12 points (Learning Category 3)

THE ABC OF COMPLIANCE

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.

Sydney 4 October 2011
Port Macquarie 18 October 2011
Taree 19 October 2011
Newcastle 20 October 2011
Sydney 3 November 2011
Merimbula 8 November 2011
Batemans Bay 9 November 2011
Nowra 10 November 2011

CPD 12 points (Learning Category 3)

THE COMMERCIAL TOOLBOX

Take control of your market today!

The commercial market is in a new cycle and agents need new skills in order to deliver results with efficiency and focus.

The Commercial Toolbox is designed to give seasoned performers the tools they need in order to do just that. The toolbox brings a systemised approach to your prospecting actions, allowing you to increase your listings and improve your results. This highly interactive workshop will cover the most critical aspects of your commercial real estate business - focusing on the things that really matter in your market.

Sydney 11 October 2011

Time 9.30am - 4.30pm

CPD 12 points (Learning Category 2)

MAXIMISE YOUR NEW MANAGEMENT SUCCESS RATE

A property manager's role is a dual one. Not only must they have the expertise to maintain current properties, but they must also have the skill set to grow the rent roll.

Mastering the art of listing a new management is a skill which reaps rewards for agents.

This course will give you tips on identifying prospecting opportunities, pitching a new management presentation and successfully securing a new management. It will provide you with an understanding of the personal and business skills you will need to lift your listing skills to a new professional level and to secure the new management on terms that will bring about the best result for both you and the landlord.

Sydney 14 October 2011
Sydney 11 November 2011

Time 9.30am - 1.30pm

CPD 12 points (Learning Category 3)



TRAINER OF THE MONTH JO-ANNE HAMILTON

Finding the right balance between work and family has made Jo-Anne Hamilton an effective trainer who knows the value of learning being closely tied to practice. A licensed real estate agent since 1986, Jo-Anne's career in real estate spans almost three decades. Specialising in property management, she has managed the residential property management team of a successful agency for more than 20 years.

Jo-Anne's personal experience of juggling full-time work and family life makes her an empathetic and effective trainer, and she is always looking for ways to make the learning experience relevant to real life practice. She sees great value in education and understands the challenges of gaining knowledge and learning new skills.

In addition to property management, Jo-Anne also specialises in communication – a vital ingredient for success in real estate. She has a Certificate IV in Workplace Training and Assessment, a TAFE Diploma in Real Estate Practice, a Bachelor of Arts in literature and psychology, and Masters in Organisational Communication.

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Buyers' agents beware

A recent increase in the promotion of 'vendor advocacy services' by buyers' agents is a cause for concern.

Agents are warned there is the possibility that offering such a service may result in a breach of the *Property, Stock and Business Agents Act 2002* (the Act) and the *Property, Stock and Business Agents Regulation 2003* (the Regulation).

These 'vendor advocacy services' are often offered on a 'free' basis to members of the public, but as a result the buyers' agents may receive a 'referral fee' or 'commission'. This may take the form of a gift, favour or benefit, whether monetary or otherwise, from the selling agent.

"The provision of such services may place the buyers' agent in a position where they will likely breach the Rules of Conduct prescribed by the Act and/or Regulation, or be knowingly concerned in a breach committed by another agent," REINSW Legal Counsel Sam Kremer says.

For the purposes of the Rules of Conduct, disclosure of the arrangement or commission may not overcome any prohibitions contained in the Regulation.

"Members are cautioned about entering into such arrangements, or offering such services, unless they have obtained independent legal advice in relation to the specific services they propose to offer," he says.

The reason REINSW suggests that each buyers' agent obtain their own advice is due to the fact that just about every buyers' agent who offers 'vendors advocacy', does so through a different setup.

"Members are cautioned about entering into such arrangements ... unless they have obtained independent legal advice."

Agents must appreciate that there is an important difference between the situation where an agent is engaged (and paid) directly by a vendor, and where an agent is paid a commission



by the very listing agent that they may be advising a vendor to engage.

The fact that some NSW buyers' agents don't hold full real estate licences is also an important consideration.

The fact the Act was not drafted with vendors advocacy specifically in mind, and given the potential for agents to breach clause 2 of schedule 1 of the Regulation (breach of fiduciary duty), are other reasons why REINSW urges caution and independent advice.

"Any members currently deriving fees or other valuable consideration from such referrals might wish to obtain independent legal advice before continuing such practices."

Members are reminded that section 34(1) of the Act provides that subagency agreements between, for example, two selling agents, or two buyers' agents (for example, conjunction agreements under which licensees share commission) must be in writing and must comply with the requirements of that section.

There are some exemptions to this requirement, where the licensees are in partnership, in an employer/employee relationship, where the land concerned is commercial, or the arrangement is the subject of an exemption under clause 8 of the Regulation.

"The provision of such services may place the buyers' agent in a position where they will likely breach the Rules of Conduct"

If a conjunction agreement does not exist, then agents risk breaching the Rule of Conduct set out in clause 14 of Schedule 1 of the Regulation – and may find that what they think is a 'referral fee' may actually be characterised as a 'spotters fee'.

Agents must also take great care not to misrepresent the nature of the services they are offering to provide to a vendor. ♦

To view the relevant legislative provisions, go to www.reinsw.com.au/vendoradvocacy.



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The rise of the holiday rental

The time is right to enter the holiday rental sector, according to a recent industry summit.



This previously niche form of accommodation continues to see a steady rise in popularity and is now one of Australia's fastest growing tourism sectors, with more and more travellers opting to rent out homes.

The summer holidays are still months away, but many real estate agents are already reporting bumper domestic bookings for some of NSW's top Christmas destinations.

Holiday high

In Sydney's north, Glenn Lee, Principal of Raine & Horne Palm Beach, says all indicators point to a solid holiday season for Whale Beach and Palm Beach.

But early booking for the summer season isn't confined to Sydney, with Raine & Horne in Batemans Bay and Yamba confirming holidaymakers are reserving South Coast and far North Coast getaways.

Justin Butterworth, Deputy Chair of the REINSW Holiday & Short

Term Rentals Chapter, is Business Development Director of The Stayz Group.

Recently, while speaking to 250 holiday rental owners and agents from across Australia at the inaugural Stayz Holiday Rentals Summit in Sydney, Justin highlighted the need for Australia's real estate industry to seize a golden opportunity.

"Holiday rentals is currently one of the fastest growing sectors and is a genuine profit centre for real estate agencies," says Justin. "There are opportunities to cater for all travel markets: domestic, international, corporate and relocation.

"Estate agents can buy a rent roll or offer accommodation and grow it from there. It's a great way to drive sales and promote longer-term stays."

Justin identifies a number of critical focus areas real estate agents need to concentrate on to create the most appealing

product and meet the industry's growth aspirations. He feels establishing a workable business plan, focused on pricing, marketing and technology, is crucial.

Holiday rentals is an industry based on service and technology; those who embrace technology will outperform others, he says.

"It's imperative agencies create a great website – separate from their main website. Clients should be able to browse, check out lists of features and photos, and, importantly, be able to book holiday rental accommodation there and then. Unlike normal sales and rentals, the customer will not be able to come see the place beforehand, so much more than a sentence and a single photo is required."

Creating online inspirational adverts is another pivotal device to attract customers. "People staying in your property want to be inspired by the place when

they walk through the door," Justin says.

Another key factor to consider is training your team to always be hospitality focused.

"With holiday rentals, estate agents need to deliver a particular service, and not treat the guests like tenants. This means doing things as simple as replacing broken glasses and linen," Justin explains.

Developing strong terms and conditions for both guests and owners by redeveloping your Management Agency Agreement is also crucial as is meeting all obligations and managing risk, Justin says.

Last year the holiday and short-term rental industry developed a set of national guidelines, based on REINSW's best practice guidelines, that set industry practices to satisfy the needs of local communities, property owners, tourism operators and guests.



"Holiday rentals deliver significant benefits to regional communities and local economies in terms of visitor expenditure and jobs," Justin says.

"These guidelines help ensure the sustainable growth of this popular form of affordable accommodation which has a 140-year tradition in Australia."

As a condition of listing on Stayz.com.au and Occupancy.com, property owners and agents need to comply with the guidelines, which

cover: property management, letting agreements, bonds and payments, recycling and garbage, parking, and complaints. They also cover visitor obligations regarding noise levels and compliance with council by-laws. A more substantial second phase code of conduct will be rolled out for NSW later this year. ♦

Visit www.reinsw.com.au to view the REINSW Best Practice Guidelines for holiday and short-term rentals. Select 'Holiday and Short Term Rentals' from the 'Public Information' menu.

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When property management becomes crisis management

BY CHRIS SHEEDY

The role of the property manager can become a complicated one in the event of an emergency, such as the high winds and resulting blackout in the Blue Mountains recently.

Two weeks before speaking with the *Real Estate Journal* for this article, Peter Poulos was out in freezing temperatures cleaning up fallen trees and other debris around Katoomba as near hurricane-force winds tore through the area. The wind caused enormous damage and blacked out around 30,000 homes, many for up to four days.

Peter, a volunteer firefighter and Principal of Theo Poulos Real Estate in Katoomba, is no stranger to wild weather, having lived in the Blue Mountains all his life. Fortunately, he's also prepared in terms of property management for the inevitable influx of emotional phone calls from tenants. "Regular bushfires and wind damage in this area means we're probably more prepared for, and experienced with, an emergency or crisis than agents in places like Sydney," Peter says.

"In this case, we were mostly contacted by tenants reporting physical damage caused by

falling trees and branches. Most people knew to contact other service providers regarding the electricity issue. But it was a dangerous time. The crisis was declared a state emergency as homes lost their heating. It was the middle of a very cold winter and some families with young kids had to find rooms in hotels."

"Our role becomes almost that of psychologist or counsellor."

Preparation is key

Peter and his team were prepared with a list of emergency services and information centres to put tenants in touch with as soon as they rang or visited his office. More importantly, his staff are all well trained and experienced in dealing with people who are upset and emotional.

"We certainly have procedures for such occasions and the lease

clearly outlines responsibilities," he says. "But beyond the lease, our role becomes almost that of psychologist or counsellor. It's about calmly working out what the situation is and how it can be resolved. We then give the best advice and often the simple giving of that advice calms down the person who might have been quite upset."

Calming influence

Julie Rogers, a senior property manager and licensed real estate agent at Laing+Simmons Double Bay, agrees that staying calm and communicating clearly in a time of crisis is essential.

"Of course it is understood that the person contacting us may have a reason to be quite emotional but our role, as property managers, is to stay calm, be supportive and deal with the facts," she says.

"That's one of the reasons why we only employ experienced property managers within this business –



they need to know enough to be cool in a crisis because that's how they're most effective."

Laing+Simmons Double Bay, Julie says, has a clear disaster plan that is followed whenever an emergency call is received. All agencies should have such a document and all staff, not just property managers, should be trained in its processes, she says. After all, anybody who answers the phone within the agency's office could be required to have to follow this protocol, especially if the property managers are out.



Such a plan should include names and contacts of people or services that specific issues should be delegated to. It should also contain emergency phone numbers and other contact details of senior agency staff and of various emergency services. Finally, it should outline some form of record-keeping to ensure steps that have been taken during the crisis are recorded and other agency staff can quickly access them once they're back onboard.

"Tenants need to be put in touch with the relevant authorities as soon as possible - that goes without saying. But the other staff also need to know what's going on in case they are required to help out, to take over the situation or simply to check that everything was done correctly," Julie says.

"That's why constant training of staff is absolutely vital, so that we can own our work, be confident in our processes and communicate well to the other members of the team."

Communication training

One further important feature of disaster management, especially in this time of high-tech communication, is the ability to communicate across several platforms quickly and effectively, Julie says.

Whether it's via individual or bulk emails, individual or bulk SMS messages or even mass mailings, different forms of communication are called for during specific types of emergency. During the Blue Mountains blackout, for instance, email would not have been the first or best choice of communication with clients.

Communication, Peter says, is what disaster management is really all about. Once the issue has been calmly analysed and a fitting course of action has been decided upon, the property manager's role becomes one of communicator. This may be to an individual, to a family, or to an entire set of tenants across a large area. ♦



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BY DOUGLAS DRISCOLL, STARR PARTNERS CEO

Top marketing mistakes and how to avoid them

Starr Partners CEO and real estate business expert Douglas Driscoll explains the most common marketing mistakes agents make and how to re-evaluate your strategy to ensure it is effective.

Marketing is about telling customers the story of your business - what you do - and then persuading them to use you. I have always said for a business not to use marketing effectively is like winking at someone in the dark: you know what you are doing, but no one else does.

You cannot manage what you cannot measure

Not developing measures to evaluate the success of a particular campaign or activity is a big mistake. Without metrics to track performance, marketing plans are ineffective as there is no way to determine which parts of the strategy are successful and whether the monetary investment has been worthwhile.

A simple, cost effective monitoring tactic is setting up new phone numbers for specific campaigns, allowing you to track the responses through dedicated phone lines. For EDMs (the modern version of a mail drop), you are able to measure every last detail of an email – if it was opened, how long it was opened for, or if a particular link was clicked. This allows you to track click-through rates and provides a performance report.



Call to action

Keep in mind you can't gauge success if you don't know what you're trying to achieve. Clear goals and objectives need to be established in the early planning stages. Most importantly, all marketing should have a call to action. Not including this is one of the biggest mistakes agents commonly make. Make sure you have a call to action that correlates to your objective.

Then it is about being patient, persistent and consistent. Research has shown it takes seven 'communications' before a person acts, such as a phone

"Clear goals need to be established early . . . then it's about being patient, persistent and consistent."

call, email, eNewsletter, mail drop, billboard and more. You have to do the right amount of marketing to begin to see decent results, but most people give up too soon.

Brand or bland?

Doing the same as every other real estate agent is a real faux pas. It's understandable to want

to replicate the competition's success, but the problem is your brand then becomes watered down among all the others. Differentiation works because consumers notice difference – it catches the eye. Something as simple as colour will help establish your brand and have you stand out from the crowd. Though don't be different for the sake of it; be different for the right reasons and only if it is commercially advantageous to your agency.

I've found that new, differentiating ideas can scare people. Last year when Starr Partners developed Australia's

first iPhone and Android property app, people were wary of the technology and its role. Since then we have had thousands of downloads and are now constantly recognised for our cutting-edge innovation.

Cognitive marketing

The constant pursuit of a Unique Selling Proposition (USP) can easily become an obsession. I am a strong believer in Unique Buying State (UBS) marketing. It is consumer metric marketing looking at the psyche of the consumer: when they are doing something and why they are doing

it. I call it cognitive marketing because it focuses on the consumer's feelings, thoughts and emotions allowing you to create a motivational marketing message.

"Not developing measures to evaluate the success of a campaign is a big mistake."

This also helps you tailor specific messages for different recipient bases. Never be too generic

with your campaigns as your consumers all have different needs and motivational factors.

Online marketing

Social media platforms like Facebook and Twitter are only useful when used correctly. The goal of social media is generating two-way communication between prospective customers and your office. I've found that many businesses, including real estate agencies, use these sites to publish information best placed on the agent's website, for instance recently sold and listed properties. Not using the

sites to get talking to your fans or followers negates the whole point of social media. Start asking questions to create discussion between you and your clients and you will gain valuable insight that can be used in future marketing.

Vendor first, agent second

Spending a vendor's money promoting individual agents is a big no-no. It's important not to forget what we do, who we are working for and who pays our bills. Clearly I recognise a need for a personal brand but the expense should be borne by the agents themselves. ♦

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Adrian Wilson, Principal of Wilson Property Agents, was among the first to successfully apply for Real Accreditation.

As a real estate professional, he believes in a stronger need for regulating methods of qualification and setting industry benchmarks.

"Accreditation assesses not only your ability to do a course – it relies on experience, and qualifications."

Real Accreditation provides highly qualified, experienced

professionals the opportunity to highlight their strengths over competing agents.

"None of my local competitors have it, which is a huge benefit," explains Adrian. "Real Accreditation sets me apart from everyone else, and places me in a unique position in the market."

"Anyone can get a property licence these days... that's why it's so important for agents to be recognised for their experience and qualifications."

Eddy Piddington is one of many agents from Cunningham Property on Sydney's Northern Beaches that recently became Accredited. Like Adrian, he appreciated the opportunity to be recognised for his strong sales record and his professional integrity.

"Applying wasn't the easiest process, but I think that's a good thing because you realise Real Accreditation is not something handed out lightly."

The exclusivity of the title not only reflects well on the agent, but also entices potential business. Eddy's sales kit now includes detailed information about his Accreditation and what it means.

"Programs like these are helping to raise industry standards. Anyone can get a property licence these days. But you're not getting a licence to sell Coca Cola. It's a licence to sell people's greatest assets. That's why it's so important for agents to be recognised for their experience and qualifications."

Individual members of REINSW with three or more years experience in one specialisation are invited to apply for the Real Accreditation Program, provided they have completed their CPD requirements and satisfy the Accreditation Guidelines.

REINSW Accreditation provides evidence of your advanced skills and knowledge, and commitment to professionalism.

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

A significant proportion of application fees will be dedicated to a marketing strategy to raise consumer awareness about the Program, including logos, post-nominals, brochures, flyers, advertising and publicity. ♦

For more information call REINSW's Membership Team on (02) 9264 2343, email accreditation@reinsw.com.au or visit www.reinsw.com.au/accreditation.



BY JODIE MASSON, PARTNER, AND LAUREN MASON, SOLICITOR, IN THE PROPERTY, DEVELOPMENT AND CONSTRUCTION TEAM AT MIDDLETONS

Signed, sealed, delivered ... and amended

It may seem simple to make a handwritten amendment to a contract after it has been exchanged, but doing so could have serious consequences.



A recent NSW Court of Appeal case, *Hearse v Staunton* [2011] NSWCA 139, is an example of what can go wrong when amending a contract.

What happened?

The vendors (Mr and Mrs Hearse) of a residential property at Clontarf negotiated a contract for the sale of land with the purchaser (Mr Pallister).

Before exchange, the purchaser's solicitor wrote to the vendors' solicitor and requested a number of changes to the contract. In addition, he stated: "Vanessa Joan Pallister will probably be added as a joint purchaser pursuant to Section 18(3) of the *Duties Act* prior to completion."

After exchange, the purchaser's solicitor wrote to the vendors'

solicitor and stated: "We enclose an unstamped Transfer for execution by the vendors. Please return the Transfer to us for stamping purposes. Please note that we have added Mrs Pallister as a joint purchaser pursuant to s.18(3) of the *Duties Act 1997*. Please amend the counterpart contract accordingly."

The vendors' solicitor then made a handwritten amendment to the front page of the exchanged contract to add Mrs Pallister as a purchaser.

Mr Pallister then became bankrupt and was unable to complete the contract. The vendors terminated the contract and sued Mr and Mrs Pallister for the deficiency on the resale. It was not worth pursuing Mr Pallister as a defendant

because of his bankruptcy. This meant that the question of whether or not Mrs Pallister was a party to the contract became critical. The vendors argued that Mrs Pallister was joined as a party to the contract post-exchange due to the amendment to the contract caused by the correspondence between the solicitors, as set out above.

However, the Court did not agree. It held that the purchaser's solicitor did not have the authority to act for Mrs Pallister (he acted for Mr Pallister only) and therefore had no authority to enter into a contract on her behalf. The vendors' claim against Mrs Pallister failed.

The vendors also sued the purchaser's solicitor on the basis that he had falsely represented

that he had authority to act on behalf of Mrs Pallister by requesting an amendment to the contract to join her as a party to the contract. The Court found that the purchaser's solicitor had not represented (expressly or impliedly) that he had an authority to act for Mrs Pallister. Therefore, the vendors' claim against the purchaser's solicitor also failed.

But this happens all the time, right?

We all know that it is not unusual for real estate agents and solicitors to make handwritten amendments to contracts after exchange, but this does not make it right.

Once a contract is exchanged, it is a binding contract. It cannot be changed by a person simply scribbling on the original



“

It is not unusual for real estate agents and solicitors to make handwritten amendments to contracts after exchange. But this does not make it right.”

”

document (regardless of whether that person is a real estate agent, a solicitor or a party to the original contract).

Practical tips

Once a contract is made, it should only be varied by way of another document – for example, by entering into a deed of variation. This ensures that there is a clear chain of documents that constitute the history and the current contractual arrangement between the parties.

This is particularly relevant in relation to contracts where terms (e.g. price) might be renegotiated prior to cooling-off rights expiring. All parties must properly execute a deed of variation. This will show a clear intention to be bound by the variation. However, a deed of variation is not always

appropriate. For example, you can't vary the parties to a contract or the property being sold. If you tried to, a court would say that it was a new contract between the parties, not a variation. So, in the case of Mr and Mrs Hearse and Mr and Mrs Pallister, a deed of variation was not appropriate.

There was nothing wrong with Mrs Pallister being added as a transferee on the transfer form only (i.e. a transfer by direction). However, so long as Mrs Pallister was only a transferee and not a purchaser (i.e. a party to the original contract), she had no contractual obligations to complete the contract and pay the price on settlement.

The vendors' solicitor should have ideally insisted on having a document which rescinded

the existing contract and simultaneously have the Hearses and the Pallisters enter into a replacement contract.

Of course, this might not have been agreed to at the time and the vendors' solicitor may have had no idea that Mr Pallister was likely to become bankrupt.

Don't take short cuts!

One of the judges in this case said: "The Court expects that conveyancers will not take short cuts in conveyancing transactions without a full appreciation of what they are doing, ensuring that what they do will not cause loss to the client."

This comment could be equally directed to real estate agents: don't amend contracts by hand post-exchange. ♦

Top five Twitter tips for real estate agents

Twitter has garnered substantial popularity as a real estate marketing tool with more and more agents jumping aboard the Twitter train. Here are tips to make Twitter work for you.



1 Keep it local
The goal is to sell more homes, so network locally and begin conversations with other professionals, businesses and potential customers in your area.

2 Accessorise
It is relatively simple to customise your Twitter profile with your real estate company logo and an image of yourself. It only takes a few moments to do and could mean a world of difference in getting prospective buyers to follow you.

3 User focus
It is tempting to constantly cram your Twitter account with keyword heavy tweets and follow as many people as possible in the hope they will repay the favour. However, this is a rather unfocused way of marketing on Twitter, so remember not to forget what role your actions may have on potential buyers.

4 Less is more
Granted 140 characters isn't very much to begin with, but a golden rule of Twitter states you don't have to use every space available to you. If you fill up that whole space and then a customer tries to re-tweet you, there will be too many letters. If it's a good tweet, some people will take the time to edit it – but most won't.

5 Don't fret, get automated
For many real estate agents Twitter can be a bit overwhelming. One of the better functions on Twitter is the applications you can use to automate certain functions. Twitterfeed and TwitterBacks are great tools, while EasyTweets will send you alerts any time someone uses one of your keywords. ♦



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MEMBER PROFILE: JEREMY MARTIN



"I think REINSW has a good understanding of what its members need."

The agency has a new name, but for more than a decade Jeremy Martin has been nurturing growth in Sydney's south.

Once specialising in serving south Sydney, recent rapid growth into new suburbs prompted a name change for the agency, now called Martin, which has been operating since 2001.

Jeremy's successful, expanding company has recently been recognised for its dedication to excellence, with a nomination in the City of Sydney Council's Business of the Year awards.

One of 61 businesses nominated, the agency is now among the eight finalists.

Winners of the top honours are set to be announced later this month.

As the owner and managing director, Jeremy said he recently decided to join REINSW because he believed it was important for his expanding business to have access to the specialised resources available to members.

"I think REINSW has a good understanding of real estate and what their members need," he says.

"As we've been growing a fair bit, I thought REINSW would be a good sounding board and place for me, and for the staff, to call and get advice."

To find out more about REINSW membership, call (02) 9264 2343 or visit www.reinsw.com.au.

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No question is too big or small for the friendly Member Helpline team of Ann Banister, David Small and David Pentecost, who pride themselves on providing accurate and practical advice.

The Member Helpline can offer help with a range of matters. Here are some answers to problems arising in day-to-day practice:

What obligation does a selling agent have to submit offers to a Principal after the acceptance of a holding deposit from a prospective purchaser?

The *Property, Stock and Business Agents Regulation* states that an agent must inform the Principal of all offers up until exchange of contracts has taken place, unless the Principal has been instructed to the contrary in writing.

The agent must promptly inform the person who paid the deposit when the agent becomes aware of any subsequent offers to purchase the property received from any other person. The agent must also advise the person who paid the deposit that they have the right to make further offers up until exchange of contracts has taken place.

Who is responsible for pest control during the tenancy?

Under the terms of the Residential Tenancy Agreement, the tenant has an obligation to promptly notify the landlord of any infectious disease or the presence of rats, cockroaches, fleas or other pests.



Our team is your team: David Small, David Pentecost and Ann Banister can offer advice on a range of matters.

While the agreement does not clearly define who is responsible for the treatment of such pests, the landlord agrees to make sure the premises are reasonably clean and fit to live in.

A failure by the landlord to comply with this requirement would be in breach of the agreement.

In the majority of circumstances, the treatment of pests is the responsibility of the landlord.

The exception to this is where the actions of the tenant have attributed to the presence of the pests – such as failing to clean the premises on a regular basis or keeping an animal at the property.

As an agent, you need to assess each case on an individual basis so you can determine who is responsible for the pest control treatment.

When filling out an agency agreement, which licence number is required?

Clause 3 of Schedule 7 of the *Property, Stock and Business Agents Regulation* requires that an Agency Agreement must contain the Licensee's licence number.

If the agent is trading under a corporation licence, then the licence number is the corporation's licence number. If the agent is a sole trader, it is the agent's (individual) licence number. If the

agency is a partnership, then the licence number is one of the partner's licence numbers.

It is imperative that attention is paid to getting this right when completing this information, as an error or omission may bring about a defective agreement, enabling a principal to avoid their financial responsibilities to the agent in paying commission. ♦

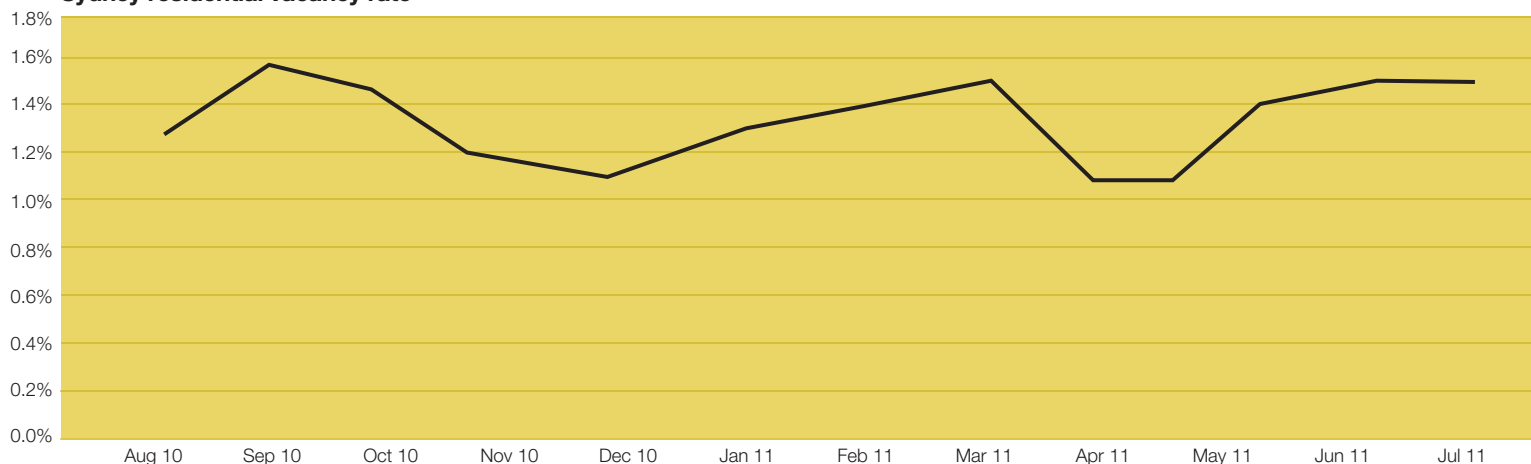
The answers to other commonly asked questions are available at www.reinsw.com.au/helpline in text and audio versions. You can contact the Member Helpline by calling (02) 9264 2343 or emailing helpline@reinsw.com.au.

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	Jul-11 (%)	Jun-11 (%)	May-11 (%)	Apr-11 (%)		Jul-11(%)	Jun-11(%)	May-11 (%)	Apr-11 (%)
Inner	1.5	1.4	1.1	0.9	ALBURY	2.0	2.4	2.6	2.4
Middle	1.5	1.3	1.5	1.4	CENTRAL WEST	1.7	1.6	2.0	2.3
Outer	1.6	1.7	1.5	1.4	COFFS HARBOUR	3.5	3.4	3.1	2.8
Total	1.5	1.5	1.4	1.2	FAR WEST	-	-	-	-
HUNTER					MID-NORTH COAST	2.1	2.0	1.8	1.5
Newcastle	1.4	1.3	1.5	1.5	MURRUMBIDGEE	3.0	2.6	2.7	2.7
Other	1.6	1.3	1.2	1.5	NEW ENGLAND	2.5	2.5	2.4	2.3
Total	1.5	1.3	1.3	1.5	NORTHERN RIVERS	3.9	3.8	3.1	2.5
ILLAWARRA					ORANA	1.6	1.7	1.9	1.4
Wollongong	1.3	0.9	1.3	1.3	RIVERINA	3.1	3.0	3.4	3.0
Other	1.3	1.4	1.3	1.2	SOUTH COAST	2.6	2.6	1.7	1.9
Total	1.3	1.2	1.3	1.3	SOUTH EASTERN	1.8	1.5	1.5	1.3
CENTRAL COAST	2.0	2.6	2.1	1.6					

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
31/7/2011	90	68.8%	24	60.0%	33	64.9%	48	57.4%	446	55.7%
24/7/2011	77	69.7%	32	70.6%	42	68.9%	51	68.4%	350	64.3%
17/7/2011	47	80.0%	24	54.2%	37	56.8%	44	64.8%	293	58.2%
10/7/2011	64	55.7%	24	80.0%	40	65.9%	29	52.9%	323	52.8%
3/7/2011	74	68.8%	21	66.7%	56	58.5%	69	61.8%	427	57.8%
26/6/2011	98	62.3%	38	52.4%	62	67.1%	84	53.5%	561	57.5%
19/6/2011	82	62.5%	44	62.7%	60	64.2%	65	59.4%	466	52.6%
12/6/2011	56	62.7%	19	65.0%	33	47.7%	69	60.0%	309	53.2%
5/6/2011	91	65.3%	41	67.4%	99	64.2%	89	62.2%	558	56.9%
29/5/2011	125	64.2%	52	63.2%	110	63.3%	101	57.5%	711	56.7%
22/5/2011	104	59.3%	33	66.7%	60	85.7%	113	53.1%	561	57.5%
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Creative kids turn their homes into works of art

Thousands of budding artists let their creativity shine as part of a national competition giving youngsters the chance to show what makes their home special.

Now in its second year, the LJ Hooker Draw My House Competition received more than 9000 entries from children aged between three and 13 years.

Chief Executive Officer L Janusz Hooker said he was pleased at the interest shown in the competition which was a chance to see the world of real estate through a child's eyes.

"We asked our young artists to capture the essence of what their home means to them on paper," he says.

"The drawings could be done in black and white or colour, in paint, crayon or pencil. Above all, total creativity was strongly encouraged.

"Children express their perception of the world they live



One of the entries in this year's competition.

in through art, and it is a simple, yet powerful insight into the world through their eyes. This year we have experienced the joy of seeing many thousands of memorable pieces of art work created by young Aussies."

All entries are posed on the competition website www.drawmyhouse.com.au and winners, including the People's Choice Awards, will be announced later this month with

lucky entrants to take home a range of educational and art prize packs. ♦

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 tina@mahlabmedia.com.au

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