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REAL ESTATE

Journal

OCT 2013
VOL 64/09



calling the bid

**Auctioneers discuss the profession
and how they made their mark**

Super property investment

The rise of the Self
Managed Super Fund

Reviewing your reach

How PR can benefit
your business

Identify yourself

Have you protected your
business from vendor
identity fraud?

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First National Chief Auctioneer Michael McCaffery talks to the *Journal* about building a career as an auctioneer.

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The *Real Estate Journal* is printed on paper that is derived from resources which are managed to ensure their renewability for generations to come.



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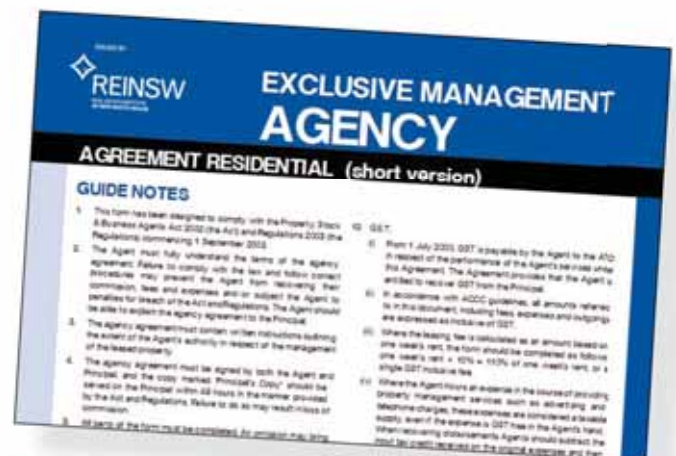
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Spotlight on women in real estate

This month, the seventh annual Women in Real Estate Conference will be held in Sydney, bringing inspiration, motivation and networking opportunities to women in the industry.

Leading the line-up at this year's conference is media identity and 2013 Australian of the Year Ita Buttrose AO, OBE. Known to many through the depiction of her life in the popular TV drama *Paper Giants*, Ita has achieved many highs in her career, from launching *Cleo*, editing the *Australian Women's Weekly* and being the first female editor of an Australian metropolitan newspaper *The Daily Telegraph* and later *The Sunday Telegraph*.

Her presentation – *How to succeed beyond expectations - leadership, communication, knowledge and motivation* – is one of many inspiring sessions scheduled for the conference, which will be held in the Harbourside surrounds of Sydney's Luna Park on Tuesday, 22 October 2013.

MC Shayna Blaze, from *Selling Houses Australia* and *The Block*, will introduce an impressive line-up of speakers including: extreme sportswoman Heather Swan, lifestyle solutions coach Peter Bliss, international business speaker Jen Harwood and Laing+Simmons General Manager Leanne Pilkington.

The Women in Real Estate Conference is a great way to get together in an environment of support and encouragement, so I urge all our female members to attend and enjoy the fun-filled day.

Visit reinsw.com.au now to view the full line-up for the Women in Real Estate Conference and book your tickets before they all sell out.

Female leaders

Continuing the theme of women in business, this month's *Journal* features an Insight written by Billicorp Managing Director Kristen Marsh. From her time as Associate Director of Marketing at The Ritz-Carlton Hotel Company – where she dealt with high-profile customers including Princess Diana, Madonna and Neil Diamond – to her successes in the commercial real estate space, Kristen outlines her key career learnings.

In addition to Kristen, hear from former Novice Auctioneers Competition finalist Bree Crawford (on page 17) as she embarks on a new career as an auctioneer and PR guru Julia Nekich (on page 19).

Christian Payne
REINSW President

CEO



Onwards and upwards

Over the past two years, REINSW, other interest groups and the community as a whole have been working with the NSW Government to review and update our strata laws, which were introduced as a world first some 50 years ago.

Review required

Strata laws first came into effect in 1961. Since then, there have been innumerable changes to the way we live, so it is very important that the new strata laws correctly reflect our contemporary lifestyle.

Over time, the *Strata Schemes Management Act* has grown from 29 sections to five separate Acts with more than 1000 provisions. The new strata laws will simplify the current system, which has grown into a grossly complex and unmanageable beast.

Many strata complexes that were built 50 years ago are now in urgent need of substantial repair and in some cases demolition. Decisions in relation to this issue are complex and controversial. We must, however, find the right balance between respecting the rights and interests of individual owners and a system that will efficiently prescribe a process that will allow these issues to be properly addressed and resolved.

Other major issues that have been identified during the two-year review include pets, issues surrounding smoking, debt recovery, proxy voting, by-laws and parking.

There has been widespread consultation since the decision was made by the government to review the legislation.

REINSW has made a number of submissions and has worked closely with Minister for Fair Trading Anthony Roberts and NSW Fair Trading in support of the process.

Preparing for the future

The issue is being addressed with a Position Paper and drafting of the new legislation is already underway. It is anticipated that the new Act will come into effect in late 2013 or early 2014.

With some 72,000 strata schemes currently in operation, we look forward to new strata laws that will respond to community expectations now and in the future, when this number is expected to increase exponentially.

REINSW will continue to work closely with the NSW Government and I will update you on our progress.

If you'd like to share your ideas in regard to strata and the Government's Position Paper, please email me at tmckibbin@reinsw.com.au.

Tim McKibbin
REINSW CEO

THE MONTH IN NUMBERS

\$728,000

The average wealth of Australian households in 2011-12 was \$728,000, according to a report by the **Australian Bureau of Statistics**. More than two-thirds of Australian households own their own home outright or with a mortgage.

\$340m

Jones Lang LaSalle and **McVay Real Estate** have sold the Four Seasons Hotel Sydney for a reported \$340m to Korean investment company Mirae Asset Global Investments.

80%

The percentage increase in the total value of transactions recorded in 2011-12 to 2012-13 in the **Colliers International Australian Retail Investment Review 2013**. There were 142 retail transactions in this period.

Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Real Estate Institute of New South Wales Limited for the year ended 30 June 2013 will be held on Friday, 29 November 2013 at the Mercure Sydney Hotel, 818-820 George Street, Sydney.



TP McKibbin
Company Secretary
Real Estate Institute of
New South Wales Limited

AGENDA

- Apologies.
- To receive and adopt the minutes of the Annual General Meeting of 30 November 2012. (see note)
- Election of Directors.
- To receive and consider the Report of the President. (see note)
- To receive and consider the financial reports including the audited balance sheet, profit and loss accounts and other reports and statements required by the *Corporations Act 2001* including the Auditor's Report for the year ended 30 June 2013. (see note)
- General business.

Note

All reports as mentioned here will be available on the member-only section of the REINSW website at reinsw.com.au/AGM by Thursday, 31 October 2013. If you require a hard copy of these documents, please call Cassy Ashford on (02) 8267 0576.

Proxies

In accordance with the Company's Constitution, a Voting Member may nominate another Voting Member as a proxy. A person may not hold more than five (5) proxies. Proxies will only be valid if received by the Company Secretary no later than 5.00pm, Wednesday, 27 November 2013. Proxy voting forms are available from REINSW. Please call Cassy Ashford on (02) 8267 0576.



VOX

Q. How do you prospect for new customers?



DAVID MACKAY
 Principal of LJ Hooker Avalon

"Prospecting is about creating long-term relationships. We can jam flyers in letterboxes and cold call, but ultimately you have to connect with people by talking to them. LJ Hooker has a National Rewards program that engages our customers, so that when they decide to lease, buy or sell they think of LJ Hooker. *myljhooker* offers discounts at local and national stores to our members, monthly giveaways, property seminars and advice. We concentrate on building customers for life."



ANDREW BLAKE
 Principal of Andrew Blake

"'Call more, sell more' is our philosophy. The more you call, the more chance you have of converting a conversation into a listing. In addition, we find that the way you conduct your open homes is very important. Open homes attract buyers and also potential sellers who are shopping around for real estate. Even before the board goes up, we invite neighbours into the property. They may have friends who are looking to move or they may be interested themselves."



TINA CASE
 Owner of The Professionals Lithgow

"Lithgow is a small community, and word of mouth is our best way of prospecting for new clients. We recently conducted a survey of all our current landlords, in which we asked them if they were willing to provide us with a testimonial regarding our service. The landlords that indicated they were happy to do so provided us with a written testimonial and came to the office to have their photo taken, each of which we have now uploaded to our social media pages as well as our website."

Home ownership trumps children and marriage

Australians prioritise home ownership, but many young buyers still struggle to get on the ladder.

Australians prioritise owning and paying off a home quickly ahead of getting married and starting a family, according to the *Westpac Home Ownership Report*.

Fifty-seven per cent of those surveyed in the Westpac report prioritised owning a home or paying off a home sooner, compared to having children (8 per cent) and getting married (5 per cent).

REINSW CEO Tim McKibbin said the report showed that confidence in the market is increasing, but warned that first homebuyers were still facing a challenging environment.

"I've a great deal of sympathy for young homebuyers trying to get into the market. You have to save money for your deposit

and then you are effectively servicing a debt," he said.

The Westpac report revealed that there is a lot of confusion in the market regarding home loans and their intricacies – especially relating to how to pay off a loan quicker.

National Head of Real Estate at Westpac Retail & Business Banking Jason Roach said that the report showed widespread uncertainty about home loans.

"One in five (20 per cent) of those intending to buy in the next 12 months had no idea what type of loan structure they should take up when they go to buy, and of those who already have a home loan, one in five (22 per cent) didn't even understand what a variable rate was," he said.

Mr Roach said that Australia is living in a "low credit growth environment" that could facilitate people in achieving their goal of owning a home.

"As a result, we are anticipating that there will be a modest improvement in housing credit over the next 12 months or so of around 5.5 per cent to 6 per cent per annum. This will be underpinned by the reduction in the cash rates and interest rates we have seen in recent months."

Australia is ranked 12th in the world in terms of home ownership, with a 70 per cent home ownership rate.

Mr McKibbin added that REINSW has contributed feedback to the Government's recent White Paper proposal and awaits the next stage.

Work begins on Glebe Island Exhibition development

Work is set to begin on turning Glebe Island in Sydney's Inner West into the temporary home of the Sydney Convention & Exhibition Centre, while the original is rebuilt.

A pavilion previously used at the London Olympic Games in 2012 is being shipped from the UK to take temporary residence on Glebe Island, located near the suburbs of Balmain and Annandale.

The location will also host pop-up eateries, and visitors will be bussed to the site from nearby parking locations.

The pavilion will house exhibitions and events during the planned three-year rebuild of the Sydney Convention & Exhibition Centre in Darling Harbour, including the Sydney International Boat Show, which has already confirmed that it will hold its 2014-2016 events at the Glebe Island site.

"Opening up Glebe Island for exhibitions will also give Sydneysiders a rare chance to set foot on a part of the city they have probably never had the opportunity to see," Deputy NSW Premier Anthony Stoner said.

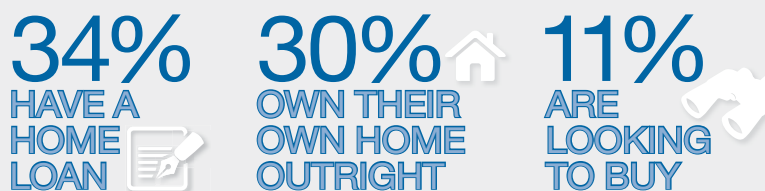
"Transport will include a quick ferry ride from Darling Harbour and buses from Central Station, as well as car parking on site, a taxi stand and drop off zones."

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AUSTRALIAN HOME OWNERSHIP CAN BE BROKEN DOWN TO:



Source: Westpac Home Ownership Report 2013

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REI Forms Live is now integrated with REST Professional (version 10.5 and later) – the popular property management and sales trust accounting software from Rockend.

Users of both systems can now auto-populate their agreements and forms from REST Professional without having to re-enter data into REI Forms Live.

Users can also save completed agreements and forms directly back to REST Professional document management or fileSMART, as well as storing them within REI Forms Live.

REINSW members who do not currently use REI Forms Live can call (02) 9264 2343 (select option 3) to set up a free two-week system trial.

To find out more about REST Professional, please contact Rockend's Sales Team on 1300 657 700.

TOP TIPS OF THE MONTH

Tips for good customer service

Merivale Group Customer Relations Manager Carolina Jensen is an expert in customer relations, and was named National Customer Experience Executive of the Year in 2012 by the Customer Service Institute of Australia.

1. Individuals

Always treat customers as you would wish to be treated and see them as individuals. You cannot look at a customer as just a customer. You have to look at each person as someone with individual needs.

2. Extra mile

Go above and beyond for your customers. Be a good listener. You need to listen before you do anything, and you need to be present and real with your customers. You have to be totally in the moment when talking to them.

3. Be positive

If someone is difficult, you just need to let them speak. Eventually they will calm down. Also, think about how you are going to help this person, with a good answer or a goodwill gesture.

Use open body language, which says 'I'm here; I'm listening to you'. Always try to open with a positive. Do not reflect any negativity. This is easier to say than do, but it tends to work.

Pool owners risk fine as deadline for swimming pool registration closes in



Owners of backyard pools in NSW must register their swimming pools with the NSW Government by 29 October 2013 or risk being fined up to \$2200.

At the end of last year, the NSW Government passed the *Swimming Pools Amendment Act 2012*, which stipulates that pool owners must register their pool and indicate that to the best of their knowledge their swimming pool complies with the applicable safety standards.

The Act aims to improve compliance with pool barrier

requirements and so reduce the risk of child deaths by drowning in NSW.

The amendments also set out new requirements in relation to the sale and lease of properties with a swimming pool.

From 29 April 2014, where a property with a swimming pool is being sold, a valid certificate of compliance (or an occupation certificate issued within the past three years) must be annexed to the Contract for Sale. Failure to annex the certificate means that the purchaser may rescind

the contract at any time within 14 days of exchange.

In the case of a property for lease with a swimming pool, from 29 April 2014 there must be a valid certificate of compliance in place (or an occupation certificate issued within the past three years) at the time the Residential Tenancy Agreement is entered into and a copy of that certificate must be given to the tenant.

You can direct your vendors and landlords to swimmingpoolregister.nsw.gov.au to register their pool.



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BY ROD STOWE, NSW FAIR TRADING COMMISSIONER

Into the realm of fantasy

Advertising is an integral component of selling a property, but agents need to be careful that they don't step into the land of fairytales.

It would be fair to say that some agents sometimes walk a fine line between exuberance and exaggeration when it comes to advertising.



One of the most common complaints we receive is over the issue of ocean views, be they digitally enhanced or totally fabricated.

While I would love to report that complaints of misleading advertising against real estate agents in NSW are declining, this unfortunately is not the case.

In the last financial year, NSW Fair Trading fielded more than 500 complaints and queries over alleged deceptive or misleading claims made by agents in property advertisements.

Common complaints

Many complaints involved the vexed issue of underquoting, but there is a long list of other gripes house-hunting

consumers have brought to us in the past 12 months.

Agents are reminded that under section 51 of the *Property, Stock and Business Agents Act 2002* a licensee is prohibited from publishing any statement that is materially false, misleading or deceptive. Even if you are not aware that a claim made in an advertisement you have authorised is false or misleading, you will still be held responsible and could face a fine of up to \$22,000 under the Act.

Legislation

Under section 30 of the Australian Consumer Law, which deals specifically with misleading and false claims involving land sales, the fine can be as high as \$220,000 for an individual or \$1.1 million for a company.

These laws apply equally to visual as well as written communication. One of the most common complaints we receive involves the issue of ocean views, be they digitally enhanced or totally fabricated.

Displaying a view that cannot be seen from within the boundaries of a property is not acceptable, nor is using magnification to make a selling point such as an ocean view appear closer.

Any images capturing facilities or features that cannot be seen from the property, but are in close proximity, must be clearly marked 'location shot'.

Fantasy photoshopping

Some agents are fond of photoshopping existing features to enhance a home's ambience. It is all very well adding a digitally created warm glow to that ornate Victorian fireplace, for example, but if the chimney is long gone and it is not possible for a fire to ever burn in the grate, this amounts to misleading advertising.

Other common complaints, which if proven constitute false or misleading conduct, include: stating a property is located in a more desirable neighbouring suburb, inflating the size of the land or exaggerating the rate of rent an investor can expect the property to earn.

The Australian Competition and Consumer Commission (ACCC) shares Fair Trading's concerns when it comes to false representations made in the property market.

Prosecutions

Last year, the ACCC successfully prosecuted one of the country's largest residential builders in the Federal Court. Metricon was fined \$800,000 for advertising features in its homes that it did not supply and for making misleading savings claims.

So make sure your enthusiasm doesn't turn into porkies.

If what you have written or depicted could possibly confuse a reasonable or ordinary member of your target audience – that is, prospective buyers – then chances are the advertisement is misleading. ♦



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First impressions count

Billicorp Managing Director and Founder Kristen Marsh believes a mix of presentation, strong research and respect are imperative to the agent of tomorrow.

A lot of people think being an agent is not rocket science, but you are dealing with major financials. Everyone at Billicorp has a formal education. I think it shows discipline.

We mostly employ university graduates from the Property Economics course at Sydney University, and they spend a year in research when they join us. I think that's really important so that when they go out to meet clients they really know what they are talking about. Young agents entering the industry should ensure they fully research their market. They must know their market better than anyone – that is what will ensure their success.

A little respect

Everyone says your reputation is the most important thing, but that includes your reputation with your fellow employees, your clients, your prospects and other agents.

I think people can be very short-sighted. One day you can be dealing with a fellow real estate agent and the next day they can be your client. That has happened to us in the past. Everyone knows everyone

in the property industry. Respecting those around you is a very simple thing that people often forget.

Promises, promises

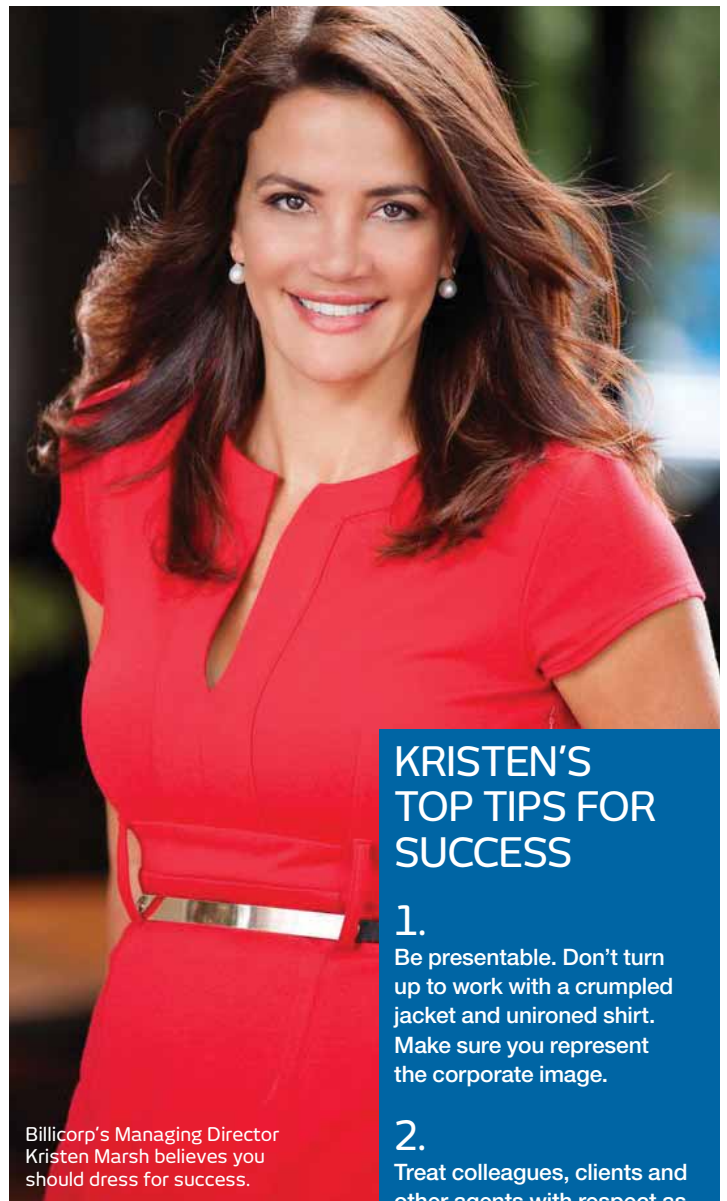
People want to do business with people who do what they promise they will do. Therefore, you must have the correct systems in place. This can be answering the telephone within three rings or providing options within 24 hours.

When you are dealing with a client you should take the time to get to know them. Do they have children? What budgets are they working with? I think people really appreciate that. Also, if you are going to a meeting, get there 10 minutes early.

We ensure we take notes along the way. We have systems to grade the prospect. We also meet every week and go over our goals. I would recommend that young agents set and frequently evaluate their goals.

Dress for success

I think image can often be forgotten. It's very important. I'm a real stickler for how people present themselves.



Billicorp's Managing Director Kristen Marsh believes you should dress for success.

KRISTEN'S TOP TIPS FOR SUCCESS

- 1.** Be presentable. Don't turn up to work with a crumpled jacket and unironed shirt. Make sure you represent the corporate image.
- 2.** Treat colleagues, clients and other agents with respect as your reputation in the industry is integral to your career.
- 3.** Higher education shows discipline and can provide the research skills required to be a good agent. You should never stop educating yourself.
- 4.** Don't think you are above anything. Everyone at Billicorp answers the phones and prepares a mailout, whether they are the Managing Director or not.
- 5.** Set yourself weekly goals and review them constantly to ensure you are on track to meet your targets.

I think so many Gen Ys are used to wearing what they want, when they want, whereas I come from a hospitality background where it was about presenting yourself well and in the corporate image. First impressions count.

Variety

Real estate is a great profession. One day you can be dealing with a panel beater and the next day you can be buying a warehouse for a TV production company. I think the diversity is what makes it interesting as well as the people you deal with.

There's always something to learn. I believe the day that you think you know it all is the day to walk away. ♦

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Good people to know.



CALLING THE BID

Whether making a TV appearance or calling for a charity auction, an auctioneer's life is never boring. The *Journal* discovers what it takes to make a great auctioneer in today's changing market.

BY JILL PARK

Ask an auctioneer what their most memorable auction was like and they will each have a story to tell.

First National Chief Auctioneer Michael McCaffery once made the newspapers after a marathon auction that lasted an hour and 45 minutes.

"I had let them bid in low increments, which went on for about \$300,000 in \$1000 bids," he laughed.

"It was like when you open the floodgates and you just can't stop it.

"People were leaving and coming back with coats and coffee. I had an assistant with me and she was wearing high heels and kept sinking into the ground."

The Pymble property eventually sold for \$1.7m, way above the \$1.2m reserve.

"People may say that I spent too long on it, but I got every penny that was in the room," Michael said with a smile.

Eking out every dollar

Michael believes that the skill of a good auctioneer should not be underestimated.

"People come along with a price in mind," he said. "I think good auctioneers will get to that price. Really good auctioneers will sometimes exceed that price. Great auctioneers will get all the money that's there."

Developing the skills required to be a good auctioneer takes time. Learning to call the numbers is one thing, but learning to work an audience is quite another.

"Auctioneers' patter is probably the most important thing," Ray White Lower North Shore Principal and Auctioneer Peter Matthews said.

"It's having all the patter that fits in between the bidding and creates excitement in the crowd. That's where some auctioneers become unstuck. They think it's all about the numbers."

“
The best auctioneers are created when there is very little bidding, as you have to use lots of fillers.”





“

An auctioneer is like an actor on the stage. What you want people to do is walk away thinking that was a good auction.

”

Peter, a regular on *The Block*, advises all his young agents to go and watch as many of the leading auctioneers in action as possible. Michael agrees, referring to all the ‘big guns’: “Scott Kennedy-Green, Peter Baldwin, Damien Cooley ...”.

“The best auctioneers are created when there is very little bidding, as you have to use lots of fillers,” Peter said.

“The real challenge is to mount the excitement and momentum when there are not that many bidders.”

Learning the patter

Auctioneers are always looking to develop their patter and often find useful phrases in the most unusual places. Michael tells of a late night of karaoke at the Covent Garden Hotel in Sydney where he stole a line or two from the MC.

However, being a country boy, Michael believes chattel auctions, where auctioneers can call up to 120 bids per hour, are a great starting ground for any up-and-coming auctioneer.

“Whatever suits you will come to light. And that’s what you stick with,” he added.

Building a rapport

BresicWhitney Chief Auctioneer Ed Riley fell into the profession when he was called on to

replace a contestant that had pulled out of the REINSW North Division Novice Auctioneers Competition.

At the State Final he auctioned off a night at the Regent Hotel in The Rocks, Sydney. It was when explaining the conditions attached to the deal that he became unstuck.

“I was asked a question by the then REINSW President, Rowan Kelly. He asked ‘if the hotel minded when you did it?’ to which I replied ‘I don’t think they mind when you do it, just as long as you do it in the room!’ The crowd roared with laughter and it certainly helped ease my nerves,” Ed laughed.

Peter believes that establishing a relationship with the audience can make the difference between a good and a great auctioneer.

“An auctioneer is like an actor on the stage. What you want people to do is walk away thinking that was a good auction,” he said.

That means being able to put a crowd of 40 or more people at ease quickly. This requires building a rapport with the audience, showing them respect and giving them the time they need to make what can be a life-changing decision.



Phone a friend

"We put a lot of pressure on people by calling it and doing things like that, but at the end of the day if they say 'can you give us a minute to make a phone call' or 'I've got to talk to the wife,' that's fine," Michael said.

"I'm quite happy to do that. It's not something you train people for, but you get a bit of a gut feeling about who's the most serious."

Changing trends

The role of auctions in the Australian market has evolved in recent years. Whereas two or three years ago, going to auction was a foregone conclusion, increasingly agents are willing to accept an offer after a viewing.

"If you get a lot of neighbours turning up at an auction and you haven't got anyone registered, that can reflect poorly on the property and the agent," Michael explained.

"If people don't have some genuine interest in buying the home, we find that vendors probably won't go to auction, whereas two years ago we would have strongly advised them to go to auction."

Image, it seems, is important in the auctioneering profession in more than one

way. Presenting an air of confidence can help put bidders at their ease and bring them over the line.

"The whole real estate industry is built on perception," Michael said.

"If you look good and sound good, people think you're good. If you start off and you sound professional then people are going to think you are, and that's half the battle."

Making the leap

Building a career as an auctioneer is not a nine to five job. Mixing a career as an agent and an auctioneer can be difficult – if not impossible – when you consider that Saturday is an auctioneer's busiest day as well as an agent's. However, it can be a natural progression for those who enjoy the adrenalin rush that comes from standing in front of an audience.

The skills may take time to develop – you never know where you could pick up a good line – but chattel, antique and charity auctions are great ways to practice without the pressure of selling a property.

It's likely you will pick up a few stories of your own along the way, but that's what makes the profession interesting. ♦

MAKING THE TRANSITION FROM AGENT TO AUCTIONEER



WHO: Briannan Crawford, Sales Consultant, Raine & Horne Dee Why

WHAT: Finalist in the 2012 Novice Auctioneers Competition (raised \$8059 for St Vincent de Paul Society)

WHY: Briannan is in training to become an auctioneer.

Briannan Crawford of Raine & Horne Dee Why made a name for herself as a finalist in the REINSW Novice Auctioneers Competition last year. Since then she has been working hard to hone her auctioneering skills and will soon be hosting her debut auction.

"I love the industry and I feel that with my background in speech and drama, becoming an auctioneer is a natural progression for me. In the next few months I hope to be making the transition to auctions.

"The Novice Auctioneers Competition was something that came about very suddenly, just after I completed my Real Estate Licence and enjoyed the auctioneering module.

"Before all of our property auctions, I've been auctioning off a bottle of Moët & Chandon champagne for charity. I have also done a number of auctions for charity events and school trivia-night auctions.

"I love the fast-paced nature of auctions, the need to be witty, well prepared and have lots of energy. Agents spend four to six weeks preparing a property for auction day, so I feel as an auctioneer it is so important to make the crowd feel comfortable, and make sure that you do everything in your power to get every last cent out of each and every buyer in attendance. It is so satisfying getting a fantastic result for a vendor as it can be a very emotional time.

"I definitely feel that having an understanding of the sales process and of an auction campaign will assist me as an auctioneer. I understand the thought process and psychology behind all parties involved in an auction, being the buyer, the agent and the vendor."

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at this year's
**Women in Real Estate
Conference**

Tuesday, 22 October 2013 – Sydney



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General Manager at Laing+Simmons



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Details

Date Tuesday, 22 October 2013	Time Registration 8.30am Conference 9.00am to 4.30pm Networking drinks 4.30pm to 6.30pm	Cost EARLY BIRD SPECIAL <i>Book before 15 Sep 2013</i> REINSW members \$340* Non-members \$415	STANDARD PRICE <i>From 16 Sep 2013</i> REINSW members \$374* Non-members \$457 <i>(all prices include GST)</i>	(Includes food and refreshments throughout the day and networking drinks)
Venue Crystal Palace Ballroom Luna Park 1 Olympic Drive Milsons Point	CPD points 12 (Learning Category 2)			

* Members include staff of member agencies who do not hold personal REINSW membership.

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book now!



BY JULIA NEKICH, MANAGING DIRECTOR OF THE IDEAS SUITE

Reviewing your reach

Why PR is an integrated part of any marketing strategy.



It makes sense to use advertising when you're selling a product – ads have a strong call to action and allow you to control the messaging simply because you have purchased that media space. In a highly competitive and congested market, however, advertising only takes you so far.

An ad, essentially, is you writing about yourself. How can you differentiate your brand and your product from dozens of competitors? Most of all, how do you build customer trust?



Myriad channels

Public relations, on the other hand, can take your brand messages further in myriad channels, such as the local community, events, social media and, most commonly, traditional media. PR doesn't rely on buying space as

advertising does, but on communicating a message that is strong enough to be shared by the public.



Find the news

The good news for real estate brands is that property news makes up an important part of most newspaper editorial sections. These reflect the fact that a good proportion of Australians are in love with real estate. The power in editorial is that a journalist in a respected newspaper writing about your brand is much like a third-party endorsement. Real estate professionals have much to offer the media, who regularly seek information about what is happening in the real estate market 'on the ground' (among buyers and sellers).

Most journalists are happy to write about sales above reserve, open houses with an unprecedented number

of viewings, properties on sale that are a little out of the ordinary, celebrity vendors and strong sales months within your office. All of these point to local market trends and buyer and vendor sentiment – valuable information for journalists. In addition, newspapers love to include real-life buyers and sellers in their pages – it adds a much needed human interest element to their stories and a photo has extra impact.



Shout about success

The key is to seek out what opportunities there are. If you have something to be proud of – including an award win or community recognition – the fastest way to let the community know about it is through the media.

Consider every part of your business as a potential news story. It's important to think

outside of the box. Are you opening a new office? Why not invite the local paper and begin developing a relationship with the reporters, who are continually looking for the next local news story. Consider how you can connect with community clubs or events. Showcasing your business's social responsibility will position you as a brand that connects with the people of your local area. Do your homework, source where you would like to see the agency appear and create a long-term plan of how this can realistically be achieved.



Build a brand

In addition to directing your PR at vendors and clients, you'll also want to maintain a presence within trade publications. While keeping competitors on their toes, you'll also become respected for providing market insight. ♦



Super property investment

BY JILL PARK

The *Journal* explores the increasing popularity of Self-Managed Super Fund investment in real estate.

The Self-Managed Super Funds (SMSF) market is the fastest growing sector of the superannuation industry. Since their introduction in 1999, SMSFs have grown to account for approximately one third of the total superannuation assets in Australia. The Australian Prudential Regulation Authority (APRA) estimates that there were 470,000 SMSFs in Australia as at 30 June 2012.

The value in real estate investments held by SMSFs has increased over the years, according to SMSF Professionals' Association of Australia (SPAA) Director of Technical and Professional Standards Graeme Colley.

"It [the value of real estate investments held by SMSFs] may be due to the increase in the market value of the property, any improvements or additions that are made to the property and a net increase due to new properties being acquired," Graeme said.

Real estate and SMSFs
SMSFs can acquire two types of property: residential and commercial. Conditions apply in both instances (see box).

"If the fund owns the property directly, the rules prohibit a mortgage or any other encumbrance being placed over it. However, it is possible for the SMSF to indirectly have an interest in property if it owns shares in a company,

or units in a trust which owns a commercial or domestic property," Graeme explained.

An SMSF is also able to have an interest in a property that is mortgaged if it enters into an arrangement called a limited recourse borrowing arrangement, where the SMSF borrows to purchase a property, which is held in trust on behalf of the fund until the mortgage is paid off.

Who can advise?

The increasing popularity of SMSF holders investing in property was explored in a report published by the ATO, released in April. The report, *SMSFs: Improving the quality of advice given to investors*, delved into the evolving

SMSF market in Australia and clarified the role of real estate agents.

The report clarified this point:

"For the avoidance of doubt, we note that this does not mean that a real estate agent will ordinarily require an Australian Financial Services licence. A real estate agent who does not specifically market to SMSFs, or carry on a business of recommending that SMSFs be used to purchase real property, is not required to obtain an AFS licence."

Property spruikers

In April, ASIC Commissioner Peter Kell said ASIC was particularly concerned

about the rise in aggressive advertisements pushing property through SMSFs.

“We do not want to see SMSFs become the vehicle of choice for property spruikers,” Peter said.

“**We do not want to see SMSFs become the vehicle of choice for property spruikers.**”

“Where we see examples of unlicensed SMSF advice, or misleading marketing, we will be taking regulatory action.”

According to the ATO, SMSF holders tend to be older,

earn a higher income and have larger superannuation balances. Their desire for control is a driving force in their starting a SMSF and playing an active role in their investment decisions.

However, SMSFs are not straightforward affairs and place full responsibility on the trustees. REI Super Marketing Manager Rebekah Wilson said an SMSF is a product that is “sold” as opposed to one that is “recommended”.

“They are a good type of super for the right person,” she said.

“That’s probably the biggest thing – those attracted to the sales pitch aren’t necessarily the ones who should open an account.”

For more information on SMSFs visit ato.gov.au ♦

SELF-MANAGED SUPER FUNDS AND PROPERTY

SMSF Professionals’ Association of Australia (SPAA) Director of Technical and Professional Standards Graeme Colley clarified the relationship between SMSFs and real estate.

Commercial
If an SMSF owns commercial property, it is able to be leased to anyone including the members of the fund, their relatives or any company, trust or partnership in which they have an interest. The main requirement is that the commercial property must be leased on an arm’s length commercial basis. For example, an SMSF may own a factory. A business run by a member of the fund may lease the property from

the SMSF, providing the arrangement is commercial.

Residential
If an SMSF owns residential property there are no restrictions on renting the property to arm’s length parties. For example, people or companies, trusts or partnerships, which do not have a connection with the SMSF can still lease the property.

The superannuation law severely restricts the leasing of domestic property to parties that have a connection with the SMSF. As these rules are quite complex, it is necessary to obtain professional advice from a specialist in the area.

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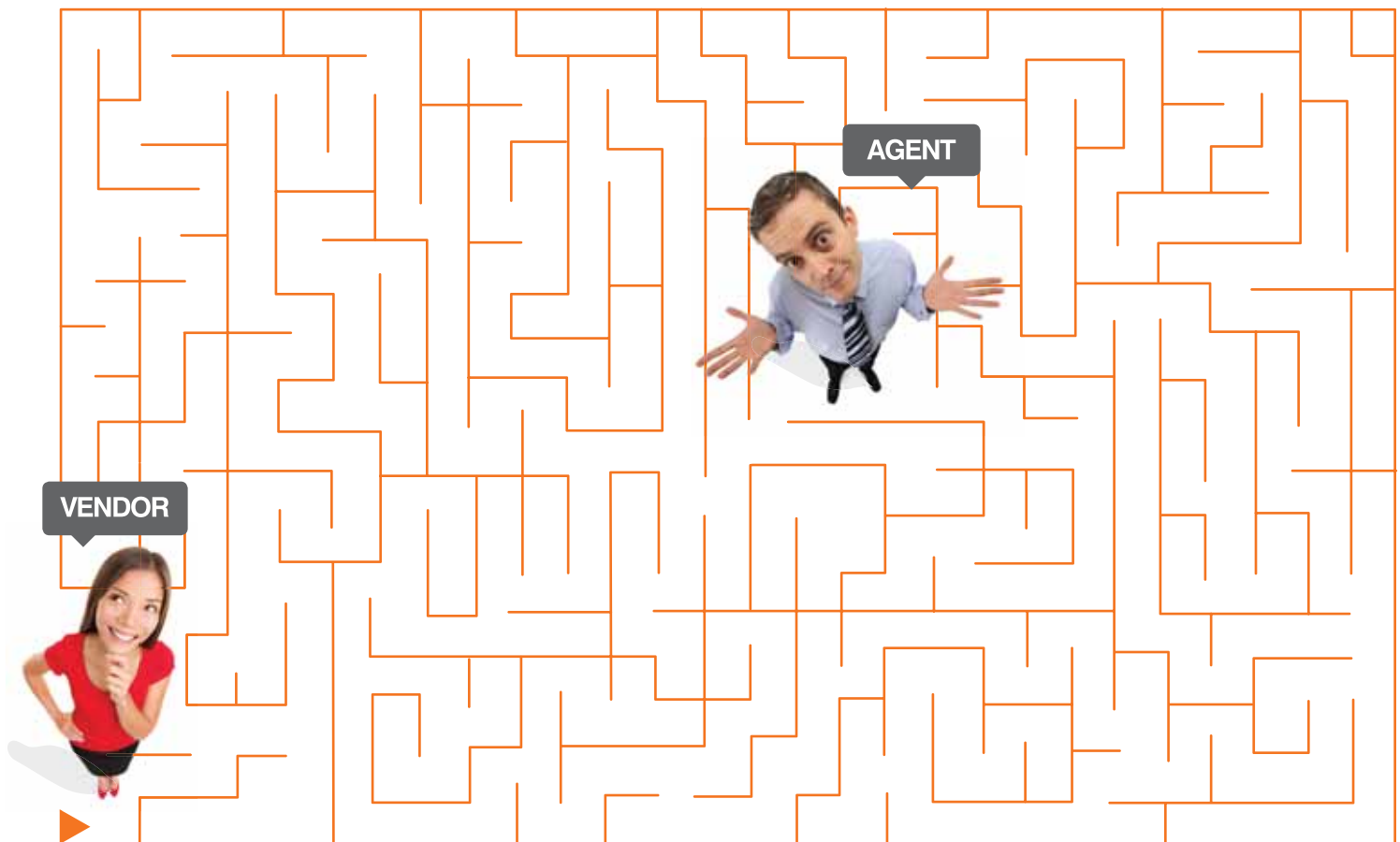


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Great expectations

BY JILL PARK

What exactly do young agents know about the industry before they start and how does their perception change?

Young agents entering the real estate industry do so for a number of reasons – some might be carrying on the family tradition, some might have a sales background and others might just like the idea of helping people make their first big life decision.

“I have always loved helping people with decisions, and buying real estate is one of the biggest decisions many individuals will ever make.”

Property dynasty
Property Specialist at Griffith Real Estate Nick Chauhan was encouraged to enter the industry by friends and family. Five years later he recalls his initial impression of the industry as being equal parts challenging and exciting.

“I have always loved helping people with decisions, and buying real estate is one of the biggest decisions many individuals will ever make. Knowing you have helped people achieve this dream is always exciting,” Nick said.

“This industry can be very challenging at times. Long hours and also stressful negotiating are key components of the job,” he said.

Coming from a family of real estate agents, Tom Hanrahan, Real Estate Consultant at Brian Unthank Real Estate in Albury, was well aware of what it takes to be successful in the industry.

“I obviously got a bit of a nudge into the business with my grandfather, father, mother and two uncles all working together,” Tom recalled, though he had initially trained as a plumber.

“I always knew the difficult side of working in an agency as well as the positives. It isn’t all about flash cars, suits and shoes! There is a lot of hard work and you experience a lot of knock backs,” he said.

Daisy Stuckey, Property Management Assistant at Ray White Bondi Beach, won the 2011 REINSW Young Agents Scholarship and has since experienced agency life in a family-run business and a franchise.

“I’ve gone from a family-run business where all the Directors were the owners, to a publicly listed real estate business. It’s good to see how each company runs differently,” she said.

Get involved
Both Nick and Tom participated in the 2012 REINSW Novice Auctioneers Competition.

Tom used the opportunity to gain exposure to a number of different auctioneering styles.

“It was a bit nerve-wracking, but once I got over the jitters it was great to see the other auctioneers in action,” Tom said.

“I learned so much from being part of the competition and have modified my style. I urge anyone in the industry to involve themselves in REINSW and the Novice Auctioneers Competition.” ♦



EDDY PIDDINGTON,
Residential and Sales Executive at Cunninghams Property and Young Agents Chapter Chair.

How important is networking to young agents?

When I started, I went to a networking event and met another agent. I didn’t think much of it. Two weeks later he rang me and asked if I remembered him. I did, but only just. Then he said that one of his clients had a property worth somewhere between \$7-\$9million and did I think I could help? Straight away networking became my number one priority.

How can young agents get involved with REINSW?

The Young Agents Chapter is about educating the young agents of NSW, but also helping them to network. We organise great events and encourage all agents to come along and meet new people. Contact REINSW, let them know you want to become involved and we will be in touch. Just email us at chapters@reinsw.com.au.

Identify yourself

Agents that hesitate to implement vendor proof-of-identity guidelines could be risking much more than they know.

Often as agents you will have a connection to new clients – you know them from a local community group or maybe you sold their mother’s house? But does that automatically mean you can trust them?

Fraud is one of the fastest growing crimes in Australia and costs the economy in excess of \$1bn every year, yet many agents still have not implemented fraud prevention procedures to protect themselves.

“ I now include the NSW Fair Trading forms in all my pre-listing kits, even though I have a lot of repeat customers. ”

The recent arrest of a man in Nigeria in connection with the attempted fraudulent sale of a property in Western Australia highlights the ever-present threat to agents. In this instance the alarm was raised by staff at a Mandurah

agency who had recently attended an anti-fraud education seminar held by WA Police and Consumer Protection.

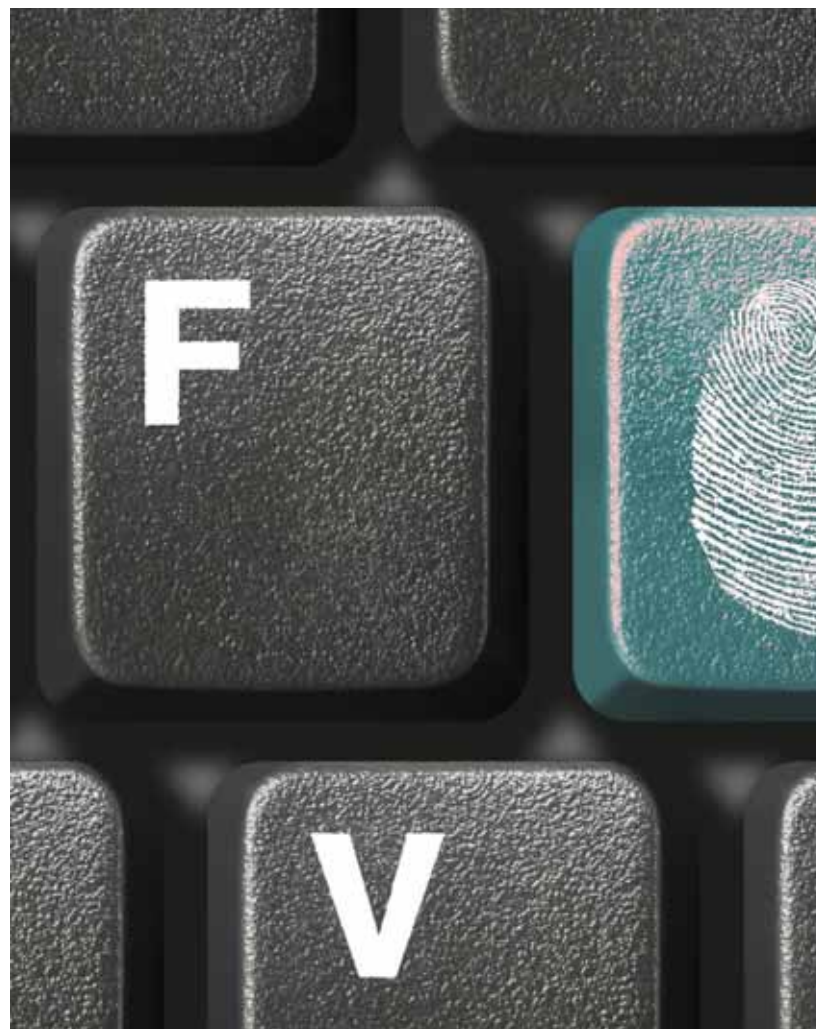
Prevention in NSW

Earlier in the year, NSW Fair Trading published the six-page *Real Estate Fraud Prevention Guidelines*. The Guidelines outline a clear set of procedures to protect agents from vendor identity fraud and include a *Proof of Identity Checklist for Vendors* (see box).

While the Guidelines are not obligatory and agents are not legally required to run through the *Proof of Identity Checklist* with every vendor, they are required to exercise “reasonable skill, care and diligence” under Rule of Conduct 4 of Schedule 1 of the Property, Stock and Business Agents Regulation 2003.

If an agent is discovered to have not taken due care to protect their clients from fraud, then there are a number of penalties that may be imposed by Fair Trading. These include everything from conditions on, to the suspension of, the agent’s licence.

Fair Trading may also choose to impose a fine. Individual



agents can be fined a maximum of 100 penalty units, which equates to \$11,000, while agencies can be fined a maximum of 200 penalty units (\$22,000).

In addition, risk of civil litigation by the vendor or buyer is probably the biggest risk to agents. In this instance the penalties are limitless.

Awkward questions

Agents may find it slightly embarrassing to ask clients who they have a longstanding relationship with to supply the documentation laid out in the Guidelines, but this does not match the embarrassment of being a victim of fraud or receiving a penalty or fine.

“Agents must have external identity fraud prevention procedures in place to prevent a fraudulent real estate transaction from happening without the knowledge and

consent of lawful property owners,” NSW Fair Trading Commissioner Rod Stowe said.

“Fair Trading has issued the *Real Estate Fraud Prevention Guidelines* to protect agents against people claiming to be legitimate vendors. Agents should confirm the identity of vendors (or appointed representatives) in order to prevent real estate fraud.”

Implementing procedures

REINSW Residential Sales Chapter Chair Kathryn Hall has implemented the procedures laid out in the Guidelines into her own business, Kathryn Hall Real Estate in Avalon.

“I now include the NSW Fair Trading forms in all my pre-listing kits, even though I have a lot of repeat customers,” she said.



PROVING IDENTITY

NSW Fair Trading's *Real Estate Fraud Prevention Guidelines* includes a Proof of Identity Checklist for Vendors, which outlines that agents must follow the procedures laid out below in order to confirm the identity of a vendor:

- **Verify the vendor's identity** – agents must verify the vendor's identity from an original primary photographic document (such as a current driver's licence) or an original or certified copy of a secondary non-photographic identification document (such as a current Medicare card, credit card, electricity bill or rate notice). The Proof of Identity Checklist for Vendors sets out
- **Legal ownership** – agents must verify the ownership of the property from an original or certified copy of a primary property ownership document, such as a property certificate, current rate notice or other document conferring the power of sale.
- **Face-to-face** – agents must conduct checks face-to-face, and the original documents must be sighted in order to verify identity.
- **Checklist** – agents must keep the checklist on file for inspection if required.



Passport/
photo identification



Non-photo
identification



Legal documents
that prove ownership
of property

"It's a matter of communicating and framing the conversation with the client," Kathryn added.

For Kathryn, the procedures are simply an extra layer of paperwork that can help protect her agency from fraud.

To help prevent fraudulent activity from occurring in your agency, download a copy of the *Real Estate Fraud Prevention Guidelines* and the *Proof of Identity Checklist* for Vendors at reinsw.cm.au/FPGuidelines and introduce procedures to your agency. ♦



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Gae Wilkins, Managing Director

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Training calendar



Novice Auctioneers Competition State Final – 29 Nov

Sydney Watch the finalists from the Divisional competitions compete in the REINSW Novice Auctioneers Competition State Final in Sydney as they vie for the title of State Champion. Come along to see the auctioneers of the future and help us raise funds for charity.

NOVEMBER 2013

2 – 23 Nov • SYDNEY
Certificate of Registration Course
(9.00am–5.00pm) (part time)

4 – 7 Nov • SYDNEY
Certificate of Registration Course
(9.00am–5.00pm)

6 – 8 Nov • SYDNEY
Auctioneers Accreditation
(9.30am–4.30pm)

8 Nov • SYDNEY CPD
Creating Impact and Influence
(9.30am–1.30pm)

11 – 14 Nov • SYDNEY
Certificate of Registration Course
(9.00am–5.00pm)

14 Nov • SYDNEY CPD
WHS for Property Managers – In Practice
(9.30am–1.30pm)

18 – 21 Nov • SYDNEY
Certificate of Registration Course
(9.00am–5.00pm)

20 Nov • SYDNEY CPD
An Agent’s Guide to Tax and Property Investment
(9.30am–1.30pm)

22 Nov • SYDNEY CPD
The ABC of Compliance
(9.30am–1.30pm)

25 – 28 Nov • SYDNEY
Certificate of Registration Course
(9.00am–5.00pm)

27 Nov • SYDNEY CPD
The DEF of Compliance
(9.30am–1.30pm)

29 Nov • SYDNEY
REINSW AGM
(10.00am–11.00am)

29 Nov • SYDNEY
REINSW State Conference
(11.00am–5.00pm)

29 Nov • SYDNEY
Novice Auctioneers Competition Final
(6.00pm–10.30pm)



Certificate of Registration Course – 2-5 Dec

Sydney Do you know someone interested in a career in real estate? Attending our Certificate of Registration Course is the first step to becoming a qualified real estate professional. Upon completion of the course, attendees can take the next step and gain their Certificate of Registration with NSW Fair Trading.

DECEMBER 2013

2 – 5 Dec • SYDNEY
Certificate of Registration Course
(9.00am–5.00pm)

3 Dec • SYDNEY CPD
Creating Impact and Influence
(9.30am–1.30pm)

3 – 14 Dec • SYDNEY
Creating Impact and Influence
(9.30am–1.30pm)

5 Dec • SYDNEY CPD
Prepare for Selling Like Never Before
(9.30am–1.30pm)

9 – 12 Dec • SYDNEY
Certificate of Registration Course
(9.00am–5.00pm)

12 Dec • SYDNEY CPD
The Nuts and Bolts of the Residential Tenancies Act
(9.30am–1.30pm)

16 – 19 Dec • SYDNEY
Certificate of Registration Course
(9.00am–5.00pm)

17 Dec • SYDNEY CPD
An Agent’s Guide to Tax and Property Investment
(9.30am–1.30pm)

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Living the good life

Residential properties are springing onto the Griffith market as the town expands into nearby rural suburbs.

Italy has had a strong influence on Griffith and its surrounds. It is estimated that approximately 60 per cent of the population has Italian heritage. Migrants were originally drawn to the area by agricultural similarities between the landscape and their homeland.

Since the establishment of the Murrumbidgee Irrigation Area in 1916, and the Blowering Dam in the 1960s, farmers in the Griffith area have been serviced by water from the Murrumbidgee River. Rice was initially a popular crop, but the Italian influence expanded the range of produce grown and vineyards popped up across the area.

Griffith and its surrounds consequently have a strong history of growing fruit and vegetables, particularly citrus. However, in more recent times environmental factors have had a big impact on the agri-business-based economy of the Griffith area.

“Recently we have had factors such as drought, water cutbacks and, strangely enough, floods, which have caused the residential marketplace to be quite volatile,” Director of Griffith Real Estate Brian Bertolin said.

“In the last 12 months we have seen things stabilise, with

pricing holding its own and the volume of properties sold increasing substantially as opposed to the last three years.

“We see this trend continuing, and with a stabilisation of prices coupled with a low vacancy rate for rental properties, investors are seeing good value once again,” Brian said.

Griffith’s suburbs encompass a variety of property styles.

“North Griffith is renowned for its 1950s-style full brick Californian bungalow homes and its character-laden fibro gems on larger than normal residential lots,” Brian said.

“East Griffith has its signature 1970s brick veneers, and our newest suburbs are a photocopy of your brick veneer homes constructed on new subdivisions found in any city in Australia,” he continued.

The property market in Griffith has changed over the past 15-20 years. A shortage of residential land previously restricted development in the area. However, in recent times a large amount of residential allotments, ranging from 600m² to 900m², through to larger rural residential lots of 3000m² to 4000m², have come onto the market.



“This has freed up the housing market immeasurably and given Griffith buyers a good cross-section of both homes and land to choose from,” Brian said.

“Much of the allotments were created from farms located on the edge of the city, which became more valuable due to their proximity to the CBD as our population steadily grew.” ♦

GRIFFITH KEY STATS

People	24,364
All private dwellings	9968
Median weekly household income	\$1065
Median monthly mortgage repayments	\$1517
Median weekly rent	\$180
Median house price*	\$250,000
Median unit price*	\$190,000
Vacancy rate^	2.3%

Source:

Unless otherwise specified, statistics are sourced from 2011 Census.

* REINSW Property Profile – June 2013; median price refers to Local Government Area

^ REINSW Vacancy Rate Survey – August 2013 (Murrumbidgee Division)

“

Migrants were originally drawn to the area by agricultural similarities between the landscape and their homeland.

”



The city of Griffith is located against a backdrop of vineyards and farmland.

AROUND GRIFFITH



Griffith supplies 70 per cent of NSW's citrus production, 75 per cent of NSW's grapes and 90 per cent of Australia's rice production.



Italians were behind some of Griffith's well-known wine labels, Beelgara Estate and Yellow Tail from Casella Wines.



Photo credit:
Brett Neasby
Creative

Griffith's La Festa celebrates multiculturalism through live entertainment and great food and wine. The event attracts some 10,000 people annually.



Photo credit:
Griffith City Council

American architect Walter Burley Griffin designed the city of Griffith using his trademark of tree-lined streets and radial patterns.

Q&A



JOHN DALTON
Rural Real Estate Specialist
Elders Real Estate

John Dalton, a licensed stock and station agent and real estate agent, became involved with the Murrumbidgee Division 12 months ago. He has worked in the property business since 1977 and has operated in the Riverina since 1982.

Q. Tell me a bit about your Division.

A. The Murrumbidgee Division principally covers rural land. Major centres include Griffith, Leeton, Narrandera, Hay, Deniliquin, Swan Hill and Finley. The Division is in the major Southern NSW food bowl, with intensive agriculture and associated industries.

Q. What are the key employers in your Division?

A. Key employers in the Division are farmers and associated agriculture businesses, such as rice mills and packing sheds related to the agricultural industry. In addition, employers also include educational institutes, public service and local government departments.

Q. What is the market like?

A. Current markets across the Division are quite strong in relation to both residential and rural property sales. Good seasons, plenty of irrigation and higher commodity prices are driving this.

Q. What are the key issues in your Division?

A. Key issues in the area are the weather for the rural sector and the rising cost of living, for example through increasing electricity costs. Unfortunately, nothing can really be done about either of these.

Our Divisional markets are experiencing a lack of listings, with good quality listings – both rural and residential – hard to get. I don't see this changing a lot, not while the season is going like it is. If the season goes well, the town goes well. It's very season-orientated in the Division.

Q. What plans do you have for the Division?

A. The Divisional plans for the next 12 months are to try and build membership numbers and continue strengthening communication between the head office in the city and the country constituents. ♦

Interested in getting involved in your Division?

For more information, email REINSW at divisions@reinsw.com.au.

Feeling the burn

Jones Lang LaSalle sent a team of agents up a hill and they came back down again as Balmoral Burn race champions.



Balmoral Burn champions (L to R): Daniel Kernaghan, Luke Harris, Edward Alexander and Stephen Higgins.

Awaba Street hill inclines rapidly as it winds upwards and out of Balmoral in the suburb of Mosman, Sydney. This is the setting for The Balmoral Burn, a 420m sprint uphill in aid of the Humpty Dumpty Foundation.

For the past three years, Jones Lang LaSalle (JLL) employees Dan Kernaghan, Steve Higgins, Edward Alexander and Luke Harris have defended their divisional title in the 4x420m relay race.

Steepest hill in Sydney

"This doesn't sound like far on paper, but consider that Awaba Street is tipped as the steepest hill in central Sydney, rising about 70m with an incline of circa 30 per cent," Luke said.

"Painfully, it gets steeper and harder as you run up, so the picturesque view of Sydney

Harbour and North Head from the start line is quickly forgotten in lieu of the burn."

The team undertook rigorous training before the event.

"Many people walk or jog in their division race and just enjoy the event, but if you are going for a personal best, or simply bragging rights back in the office, it is an absolute must that you run the hill a couple times before the event," Luke said.

"I have made that mistake before, and regardless of your fitness levels I can assure you it is a very rude shock 250m into the race."

Team games

This year's team from JLL managed to beat the Macquarie Bank and McGrathNicol teams.

In total, eight people from JLL competed in the event in various categories, and the company raised \$7000 for the Humpty Dumpty Foundation.

The JLL team also get involved in a number of touch football and soccer days throughout the year.

"I absolutely plan to compete again next year," Luke stated. "One day I expect to be one of the golden oldies in the 60+ division." ♦

YOUR STORY

We want to hear your stories!

If you, or a member you know, supports a charity, you can share the story in the 'Last Word'. Email the editor at jill@mahlabmedia.com.au

AROUND THE STATES

VIC

A former real estate agent at City Residential Real Estate in Victoria has been sentenced to a 15-month community correction order after taking \$16,000 in trust money to feed his gambling habit. Nadim Mindraoui (20) pleaded guilty in the Sunshine Magistrates' Court to contravening the *Estate Agent's Act 1980* by fraudulently converting the trust money to his own use. The money has since been repaid.

WA

A Nigerian man has been arrested for attempting to fraudulently sell a property in WA. The arrest followed an eight-month investigation by the Australian Federal Police. It began when a Mandurah real estate agent, who had recently attended an anti-fraud seminar held by the WA Police and Consumer Protection, raised the alarm with the authorities. Detective Senior Sergeant Dom Blackshaw of the Major Fraud Squad (WA Police) said: "Our ability to proactively engage the alleged fraudsters through the agent gave us the necessary evidence to launch an international operation, which resulted in a man involved in the operation being apprehended."

TAS

Possibly Australia's most unique wine cellar has come onto the market in Tasmania. The Tinderbox Road property is located just 20 minutes from Hobart's CBD and burrows nine stories deep into the cliffs. The cellar contains some 4000 bottles of wine and was built by a mining company over a six-and-a-half month period. It can be accessed via a tunnel from either the cliff top or the water's edge. The property and the land it sits on are being marketed for in excess of \$3m for a variety of commercial purposes, including a vineyard. ♦

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