

Journal

OCT 2015
VOL 66/10



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The *Real Estate Journal* is the official monthly magazine of the Real Estate Institute of New South Wales.

30-32 Wentworth Avenue
Sydney NSW 2000
(02) 9264 2343
info@reinsw.com.au
www.reinsw.com.au

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Marketing & Communications

Manager: Cathie Dickinson

Real Estate Journal

Editor: Renee Anestis
(02) 8267 0504
ranestis@reinsw.com.au

Advertising:

journal@reinsw.com.au

Production

Design and art direction:

Bird Project
www.birdproject.com

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www.cmma.com.au

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Studio Commercial
www.studiocommercial.com.au

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Increase supply to address affordability

Is the great Australian dream of home ownership slipping out of reach?

This is the question being asked by the Standing Committee on Economics in its Inquiry into Home Ownership. REINSW has lodged a submission to the Inquiry, arguing that energies must be focused on addressing the inhibitors of supply in order to ensure home ownership remains within reach.

Pointing the finger

We are without doubt, and at the full spectrum of our society, obsessed with the property market. As a result of this relentless focus on the market and the amount of 'expert opinion' aired constantly on the subject, a growing number of popular opinions have gained traction, not because they are well researched by those with an understanding of the market, but because they are easily understood and politically popular.

In recent times it has become popular to blame the foreign investor and negative gearing. While it is true that the foreign investor puts additional pressure on an already stressed market, they are merely a minor aggravating factor. Investors in the property market have had access to negative gearing for well in excess of 15 years. It was not causing a problem then, but we are expected to believe that it is the cause of all evil now. That is clearly without logic.

Addressing supply

The property market is no different to any other market and the principles of supply and demand are the key issues. If supply is increased into a market, prices will be pushed down. The converse is true of increasing demand. Therefore to improve housing affordability we must either increase supply or reduce demand. The latter presents more challenges than the former.

REINSW believes that the answer and the tool we have to work with is supply; our focus and energies need to address supply.

The two main inhibitors of supply are property taxes and a convoluted and expensive development approval system.

New stock entering the market is subject to tax by all levels of government; the local government with development contributions, the state government with stamp duty and the federal government with GST. This means the ultimate property consumer is paying tax on tax on tax. No other asset class is taxed as heavily as property.

The development approval system in NSW is regularly referred to by those in that area of the property industry as "not yes", "not no", but "maybe". There is all too often uncertainty of what can and cannot be constructed in a given area. This lack of certainty means that development consent is a journey with an unknown destination for both the developer and the consent authority. The market needs certainty.

There are a litany of reports discussing Australia's current dwelling requirements and what our needs will be in the future. What is clear is that we are simply not building enough new dwellings to satisfy demand now. Unless the issues are addressed, this will deteriorate even further going forward.



Tim McKibbin
REINSW CEO



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Creating consumer confidence

New underquoting laws are all well and good, but without consumer education the government's reforms will achieve little.

A new era of underquoting regulation is upon us. It's an issue that has captured a lot of attention over the last 12 months and constant coverage by the media resulted in a laser focus by the NSW Government.

It's been such a hot topic that the Premier himself took time out from his election campaign to promise that he would legislate against, and ultimately stamp out, underquoting. And last month, Minister for Innovation and Better Regulation Victor Dominello introduced the Property, Stock and Business Agents Amendment (Underquoting Prohibition) Bill 2015 into parliament.

But will the reforms deliver the results the government is after?

Consumer education is key

Without a strong consumer education program, there is little chance the new underquoting laws will achieve the government's aim.

It's important to recognise that while there are some areas in Sydney where underquoting is an issue, with pockets of agents not fully respecting their obligations, it's not an issue that is as dire or as widespread as the media hype would have consumers believe. We know that allegations of underquoting tend to pop up during a hot market. When times are good, the chances of a property price skyrocketing when it goes under the hammer are high. Unfortunately, this means that consumers can get priced out of the running for a property very quickly. This leads to frustration. And it's this frustration that leads to complaints of underquoting and subsequent media attention.

But in my experience, there's a lot of confusion amongst consumers about just what underquoting actually is. It's clear that many consumers confuse an extremely

successful marketing campaign and a high sale price with underquoting. Just because a property sells over reserve at auction – sometimes significantly over reserve – does not mean there's been underquoting.

Yes, it's disappointing. Particularly where a prospective purchaser has invested time and money in their due diligence with a view to buying a property only to be out-bid at auction. But that doesn't mean there's been underquoting. Providing the agent has not quoted a figure lower than that which appears on the agency agreement, then there's no basis for the complaint – and this is what consumers need to understand.

In his second reading speech to parliament, Minister Dominello said that an important part of the reforms will be an extensive information and education campaign for consumers. This is essential. Without it, the reforms simply will not achieve the government's goal. Consumers need to be educated about what underquoting actually is.

We, as agents, also have a role to play. As the trusted advisor in the transaction, we need to also take some responsibility for educating both our vendors and prospective purchasers about the intricacies of underquoting.

With the introduction of these new underquoting laws, REINSW will be rolling out a range of resources to help agents educate consumers about underquoting. Keep an eye on reinsw.com.au for more information.

A handwritten signature in black ink, appearing to read 'Malcolm Gunning'.

Malcolm Gunning
REINSW President

MINISTER FOR INNOVATION AND BETTER REGULATION VICTOR DOMINELLO:

"The provisions of [the] bill will provide NSW Fair Trading with the necessary powers to crack down on those members of the industry who are lowering public confidence and the integrity of the whole industry by not doing the right thing. ... While the provisions of the current Act prohibit this practice, they lack rigour and have an unnecessarily high evidentiary burden, which makes it difficult to prosecute the offence. Indeed, there has been no successful prosecution under the Act since its inception 13 years ago.

Buying a property is one of the biggest financial decisions most people will ever make. Consumers rightfully expect that when they turn up on auction day – having conducted their due diligence on the property – they are operating in a fair and equitable marketplace. The surging property market and high sales prices, particularly in Sydney, have led to confusion and scepticism among consumers about the accuracy of advertised property prices.

While it is not possible, nor desirable, to curtail the market forces that are driving increasing sale prices for vendors, deliberate underquoting is a grossly unfair and unethical practice.

The amendments in this bill will strengthen provisions contained within the Act to prohibit the practice of underquoting – sending a clear message to all industry participants.

The aim of the reforms is to stamp out the dishonest practice of price-baiting, where potential purchasers are led to believe that the property will go for much less than the true estimate by the agent. An important part of this reform will be an extensive information and education campaign for both agents and consumers. An educated marketplace will help to ensure that potential purchasers know their rights and the responsibilities of agents, and will assist agents to ensure they comply with the laws.

Source: Second reading speech – Property, Stock and Business Agents Amendment (Underquoting Prohibition) Bill 2015

Women in Real Estate

CONFERENCE

17TH
NOVEMBER
2015

The **REINSW Women in Real Estate Conference** is back! Now in its **9th year**, this year's conference is set to be bigger and better than ever before!

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Kerri-Anne Kennerley
Australian television personality



Mia Freedman

Co-founder and content director of Mamamia Women's Network



Tracey Fellows

CEO of REA Group



Jane Anderson

Personal branding and presentation skills expert

Other speakers include:

'My Story' Panel of accomplished and award winning real estate professionals ...

Vittoria Pizzolato | Callagher Estate Agents

Cherie Humel | Clarke & Humel Property

Sandy Hodgkins | NNW Property

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'Look Good Feel Better'

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Tuesday, 17 November 2015 | 8.30am to 5.00pm | Doltone House, Darling Island Wharf, Pyrmont.

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REINSW takes lead role in Real Estate Reference Group

In a positive step forward for the industry, NSW Fair Trading has established the Real Estate Reference Group to provide a forum for effective and proactive collaboration between Fair Trading and key stakeholders.

"We're very pleased to participate in the reference group," REINSW CEO Tim McKibbin said. "REINSW has been asking the government for some time to reshape and improve communications between the profession and the regulator.

"We want to work cooperatively with them, so we can create a better regulatory environment."

According to Mr McKibbin, the approach of Fair Trading to date has been to keep the profession at arm's length.

"We've looked on with envy at other professions, like the legal profession, where a cooperative and consultative relationship exists between the regulator and the profession.

"By working together through this reference group, we can tackle the issues facing our profession and embrace necessary reforms to achieve the best outcomes.

"It shows that the Minister for Innovation and Better Regulation Victor Dominello and the new Assistant Commissioner for the Real Estate and Property Division Andrew Gavrielatos are committed to working collaboratively with the real estate sector," Mr McKibbin said.

The Real Estate Reference Group meets regularly. Members of the reference group include NSW Fair Trading, REINSW, Australian Livestock and Property Agents Association and Estate Agents Cooperative.



Foreign investment reforms important step forward

New legislation introduced into Federal Parliament by Treasurer Joe Hockey in late August in regard to foreign investment is necessary, according to REINSW President Malcolm Gunning. The reforms are due to commence from 1 December 2015.

"We support the reforms, which will see penalties increased from \$90,000 to \$135,000 for serious breaches of real estate rules," he said. "The previous fines were not significant and these increases will act as a disincentive.

"REINSW suggests the government promotes the new legislation and its ramifications through local foreign language newspapers and major overseas newspapers as the best way of ensuring the message gets out there."

According to Mr Gunning, most foreign investors don't come into Australia with the intention of breaking the law.

"They tend to seek advice from someone who they have been referred to who speaks their native tongue and this is where the problem lies, because they are often taken advantage of and given the incorrect advice," he said.

A major issue with foreign investment in the past was due to inadequate policing. "We welcome the fee of \$5,000 for properties valued at \$1 million or less and higher fees to more expensive residential and agricultural properties as well as commercial real estate and business applications.

"We don't believe this new legislation will negatively affect the industry, but hope it will stamp out illegal practices, which is what it is designed for," Mr Gunning said.



Reforms to protect off plan purchases vital

The decision by Minister for Innovation and Better Regulation Victor Dominello to consult with the public on the use of sunset clauses in off-the-plan property contracts will act to benefit consumers.

In a statement released by Mr Dominello, he said the NSW Government was considering reforms to the *Conveyancing Act 1919* to allow only the purchaser to rescind off-the-plan contracts, and requiring a vendor who terminates a contract under a sunset clause, and resells the same unit, to pay damages to the purchaser equal to the difference on the sale price between the two contracts.

REINSW President Malcolm Gunning said

a public consultation was essential to understand the issues consumers face.

"The current legislation is allowing developers to take advantage of a fast-moving property market that has exceeded expectations in recent times," Mr Gunning said.

"The issues facing consumers need to be fully explored and the legislation amended to ensure they are protected financially and emotionally. Purchasing a property is a huge commitment and sunset clauses in their current form can see consumers exploited.

"We applaud the government for their proactive response to this issue," Mr Gunning said.

Mortgage meltdown

The National Australia Bank has flagged 34 Sydney postcodes where it believes there is rising mortgage risk. Known as Group A Restricted Postcodes, they are "areas where significant deterioration in credit risk has been observed," the bank said.

The list includes a range of suburbs from across the city, ranging from inner-city areas such as Glebe and Chippendale, to Campsie, Kingsgrove, Chatswood, Baulkham Hills and Cabramatta.

NAB will now require home buyers in these areas to pay a deposit of at least 20 per cent. "We continually review our risk setting to ensure we're lending responsibly and sustainably. This is very normal practice for any bank," a spokesperson for NAB said.

Property market power plays

According to the latest *CommBank Home Buyers Index*, the Sydney and Melbourne property markets have shifted further in favour of sellers.

The index, which is calculated by comparing the ratio of properties available for sale with the number of housing loans that were being committed to by the CBA, also revealed that the state where buyers had the most power is Tasmania.

There were no reported regions within Sydney, Melbourne or Adelaide that were buyers markets, however in regional far west New South Wales there were numerous extreme buyers markets recorded.

Dan Huggins, Executive General Manager Home Buying at CBA, said nationally the housing market is relatively balanced for both buyers and sellers.

Mr Huggins also said that regional areas have continued to offer the best opportunities for would-be homeowners, while sellers still benefited from increased demand in metropolitan areas.

When it comes to Sydney, Mr Huggins says that the market is most definitely moving in favour of sellers.

"It is now what you would consider an extreme seller's market," Mr Huggins added.



NOVEMBER 2015

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

AGM Notice is hereby given

That the Annual General Meeting of The Real Estate Institute of New South Wales (**REINSW** or the **Institute**) for the year ended 30 June 2015 will be held on Friday, 27 November 2015 at the Pier One Sydney Harbour, 11 Hickson Road, Walsh Bay, Sydney NSW, 2000.



TIMOTHY MCKIBBIN

Company Secretary
The Real Estate Institute of New South Wales

AGENDA

- Apologies.
- To receive and adopt the minutes of the Annual General Meeting of 27 November 2014. (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 2015. (see note)
- To consider the following **special business**:
 - To note the resignation of Weston Woodley and Roberson Chartered Accountants and Consultants as auditors of REINSW, to consider the nomination of Lachlan Nielson Partners Pty Limited for appointment as the new auditors of REINSW and, if thought fit, to pass the following **special resolution**:

"That Lachlan Nielson Partners Pty Limited be appointed as the auditors of the Real Estate Institute of New South Wales."
(see note)

- To consider changing the name of The Real Estate Institute of New South Wales to "The Real Estate Institute of New South Wales Limited", and if thought fit, to pass the following special resolution:

"That the name of The Real Estate Institute of New South Wales be changed to "The Real Estate Institute of New South Wales Limited."

- To consider amendments to the REINSW Constitution, and if thought fit, to pass the following **special resolution**:

"That the Constitution be amended and restated as set out in the Constitution as provided to members on the member-only section of the Real Estate Institute of New South Wales' website at reinsw.com.au/annualreport with the inclusions shown in blue and the deletions in red."
(see note)

- General business.

NOTE

All reports as mentioned above will be available on the member-only section of the Institute's website from 30 October 2015 at reinsw.com.au/annualreport:

- Minutes of the Annual General Meeting held on 27 November 2014;
- Report of the President;
- Financial reports and the Auditor's Report for the year ended 30 June 2015;
- Nomination of Lachlan Nielson Partners Pty Limited for appointment as the auditors of REINSW;
- Amended REINSW Constitution and Explanatory Memorandum regarding the amendments.

If you require a hard copy of these documents, please telephone (02) 8267 0507.

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, 25 November 2015**. Proxy voting forms are available from REINSW. Please telephone (02) 8267 0507.



E-contracts to haul real estate out of dark ages

For buyers in the near future, the need to physically trudge from one auction to another will be a thing of the past.

Australia's first fully fledged e-property contract auction debuted in Sydney in September. Developed by Colin Biggers & Paisley lawyers (CBP) and e-transaction specialist, DocuSign, the e-contract technology used marks the first step towards establishing an 'e-bay' style marketplace for real estate that will revolutionise the way property is bought and sold in Australia.

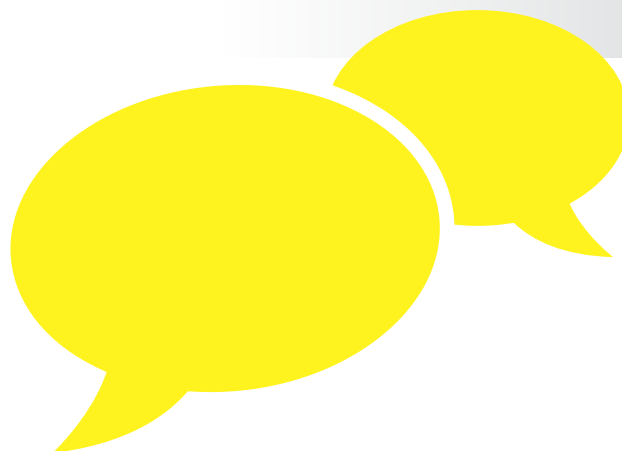
CBP's e-contract system will facilitate the ability for potential buyers to 'toggle' multiple auctions simultaneously on their computer or mobile device, and bid on one or more properties from the comfort of their couch anywhere in Australia or overseas.

"This could be a huge benefit in a heated property market," CBP Property Partner Mr Mark Morgan said. "For every 'winner' at an auction there are dozens of 'losers' who are out-bid and miss out. Because buyers generally need to be physically present, they may also miss out on bidding on other properties if auction times or locations aren't convenient. E-contracts will haul the real estate market out of the dark ages and pave the way for properties to be bought and sold entirely online - just like any other commodity on e-bay."

Developers and agents are also big winners with e-contracts opening the marketing of their product to a far wider range of potential purchasers, while fast tracking the sales process and substantially reducing transaction costs.

"Unlike paper contracts, legally binding property e-contracts can be signed anywhere, any time and on any internet device, making it just as easy for a potential purchaser in London, New York or Shanghai as it is for a local to participate in the auction or launch of a new residential development anywhere in Australia," Mr Morgan said.

"E-contracts are clearly the way of the future. They deliver convenience, added security, and time and cost savings for both buyers and sellers. It's time we buried paper contracts for good," Mr Morgan added.



Ask the Helpline

Q. Why is it important to have a valid contract?

A real estate agent must not offer a residential property for sale unless the "required documents" are all available for inspection at the agent's registered office by a prospective purchaser (see section 63 of the *Property, Stock and Business Agents Act 2002*). The "required documents" include the proposed contract for sale of land and the documents prescribed by section 52A of the *Conveyancing Act 1919* to be attached to the contract. One of these documents is the planning certificate pursuant to section 149 of the *Environmental Planning and Assessment Act 1979*.

The Helpline sometimes hears of vendors encouraging agents to offer properties for sale prior to all the correct documentation being in place in order to have their property put on the market as quickly as possible. We urge you not to be tempted to comply with this request, as the risk of incurring a penalty of up to \$11,000 is definitely not worth it. ♦



CONTACT THE HELPLINE

Contact the REINSW Helpline for unlimited professional guidance and advice when you need it on (02) 9264 2343 or email helpline@reinsw.com.au



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Find out about all the lobbying work REINSW has been conducting on your behalf and have your say on the big issues affecting the industry at reinsw.com.au/lobbying

WE WANT TO HEAR FROM YOU

What question would you like the Helpline to answer? Send us your suggestions and questions to journal@reinsw.com.au



BY HUGH ANDERSON
Director at Sutton Anderson

Keeping it commercial

Working with business-minded clients was a key motivator for Hugh Anderson choosing to specialise in commercial real estate.

I started my career at LJ Hooker in Bondi Junction as an assistant property manager in early 2000. While in that position I gained valuable organisational skills that I believe are key to working in real estate.

In late 2000, I joined a medium-sized commercial/industrial real estate group in the role of sales and leasing where I worked for seven years. I worked my way up within the company to become the Associate Director. In 2008, I joined forces with my then fellow Director and formed Sutton Anderson.

Building the business

Together, we have grown the business from just the two of us to a team of 10 staff covering all aspects of sales, leasing and property management within the commercial/industrial sector.

I decided that hands-on experience would be beneficial to me in building a client base and achieving my goals, so I attained my Real Estate Licence while already working in the industry. I gained valuable experience by working my way up through various roles and this is what led me to being a director of a thriving company.

Why commercial?

I chose the path of commercial real estate because I enjoy meeting new and interesting people and have built many life-long friendships. I also enjoy the flexibility of being out of the office frequently and not tied to a desk. Most importantly, I found

that if you manage your time efficiently this line of work allows you to have a good work/family balance.

I thrive when interacting with business-minded people and enjoy the diversity of dealing with sole traders' right through to blue-chip companies. Commercial real estate also has less emotion than residential real estate because it comes down to facts and figures.

The main reason why I focused on commercial real estate is because, generally speaking, it is a Monday-Friday work week. This is important to me as I have four children under the age of eight and cherish spending time with them as much as possible.

It's all about reputation

I believe honesty is paramount in such a 'word of mouth' based industry. Having a reputation for being reliable and honest often means the difference between winning or losing clients.

The best advice I have been given is not to chop and change jobs and different areas for slightly better pay. You are better off building a client base and growing within the company. It is important to develop a reputation for being the number one person in your set market.

What I love about the industry is building a rapport with clients and forming friendships. I am motivated by aiding clients with my knowledge and expertise to help them succeed with their goals and aspirations. ♦



HUGH ANDERSON SHARES HIS ADVICE ON BEING SUCCESSFUL IN COMMERCIAL REAL ESTATE

Focus on building a strong client base. There is great value in commercial property management as it has a recurring, stable income and can grow as the company grows.

Don't hide behind emails. Don't be afraid to pick up the phone or meet potential clients in person. It builds strong rapport.

Keep trying. Don't let the word 'no' dishearten you. Be patient and persevere.

Don't expect to start from the top. It is important to work your way up and take any experiences you can get, and learn from them. Choose a successful mentor, absorb their knowledge and build upon it with your own experiences.

Selling your rent roll? Talk to the experts!

Why not take the time now to have a confidential chat about the real value of your rent roll. We can then start mutually planning your exit sales strategy. We have some genuine buyers ready right now to negotiate confidentially and discreetly.

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STEPHEN FRANCIS

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THE AGE OF DISRUPTION



John Cunningham, John McGrath and Douglas Driscoll talk about digital disruption and the agent of the future.

DIGITAL DISRUPTION, DISINTERMEDIATION AND UBERFERCATION HAVE ENTERED THE VERNACULAR OF THE REAL ESTATE INDUSTRY, AND SIGNIFICANT CHANGES TO THE WAY BUSINESS IS CONDUCTED ARE INEVITABLE IN THE COMING YEARS. THE JOURNAL SPOKE TO INDUSTRY LEADERS ABOUT HOW AGENTS CAN EMBRACE THIS FUTURE AND MEET FORTHCOMING CHALLENGES.

BY HELEN HULL

“The Australia of the future has to be a nation that is agile, that is innovative, that is creative,” Malcolm Turnbull said in his victory speech after winning the Prime Ministership from Tony Abbott last month.

“We can’t be defensive, we can’t future-proof ourselves. We have to recognise that the disruption that we see driven by technology, the volatility in change, is our friend if we are agile and smart enough to take advantage of it.”

The sentiment of Mr Turnbull rings true for the real estate industry, which is just beginning to embrace the myriad of opportunities open to it that are enabled by new technologies. Industry thought leaders believe we will see significant changes to the way business is conducted in the coming years. Agents who embrace this future will reap the rewards, while those who don’t will suffer the consequences.

Value and service

John Cunningham, Managing Director at Cunninghams and REINSW Deputy President, said that one of the biggest challenges facing agents is demonstrating their value in the property transaction. “The client experience is where we need to lift our game and if you look at where all the digital disruption has occurred, it is around this area,” he said.

“The value we bring to the transaction as agents sits firmly in our knowledge of people, property and the market we work in.

“We need to be experts in our field, from understanding seller and buyer behaviours to negotiation strategies, as well

as having technical knowledge on things such as legislation and building construction.

“Property consumers have limited knowledge in these areas and we must be the skilled and knowledgeable expert and advisor who adds value to the transaction,” he said.

When it comes to service, Douglas Driscoll, CEO of Starr Partners, said that agents must constantly prove their worth and value.

“People only want to deal with people who offer a good service. There are a growing number of people who don’t care for real estate agents and would rather not deal with them,” he said.

“Look at what happened in the travel industry. Only those who offer great quality service have survived. We will continue to be marginalised if we don’t up the anti and enhance the client experience. The ones that are doing things on an exemplary level aren’t threatened.”

John McGrath, Chief Executive of McGrath Estate Agents, also believes service is the key. “If agents don’t have their service levels right, they will be under threat,” he said.

“Unfortunately, some still believe that it is important for the agent to have all the information and be in control. Today, people expect information to be delivered how they want and when they want. The old-fashioned ideas of not talking about price or being vague about price or not having information is no longer sustainable. Those agents will go out of business.

“People want to self-serve and then, when they are ready, make contact. As a result, those that are not delivering the desired service are at risk of becoming obsolete. Consumers are good at voting with their feet and are very happy to walk down the street or open another window on their computer.”



We will continue to be marginalised if we don’t up the anti and enhance the client experience. The ones that are doing things on an exemplary level aren’t threatened.



Training standards

Key to meeting the future challenges facing the industry is ongoing education and training. “The professional agent in the age of disruption will never stop learning and will be proud of their qualification,” Mr Cunningham said.

“At the moment, it’s just far too easy to enter the industry and there are some providers handing out qualifications like confetti. This is bad for our industry and must change if we are to survive the disruption age.

THE RISE OF UBER

Digital disruption has occurred across many sectors. One of the most successful examples is ride-sharing company Uber, which has shaken up the taxi industry and changed the way people travel.

What is Uber and how does it work?

Uber was founded as UberCab by Travis Kalanick and Garrett Camp in San Francisco in 2009. The company developed a smartphone app which was released in June 2010 and acts as the centrepiece of digital disruption Uber is causing. The app enables users to utilise one of its many different types of drivers including serviced cars, ordinary people and taxis. Backed by Google, Uber officially launched in the Australian marketplace in Sydney in October 2012 and now more than 58 countries and 300 cities worldwide use the service.

What was the status quo?

Prior to Uber's arrival in Australia, the taxi industry was regulated with strict rules regarding the number of taxi licences available, pricing requirements and service obligations. In Australia there are some 5800 taxi licences, which trade for around \$320,000 each. Restricting the supply of taxis limits competition and benefits licence holders at the expense of consumers. Uber drivers don't need to pay for expensive taxi licences and as a result Uber rides are said to be on average cheaper than taxis.

How has Uber 'disrupted' the taxi industry?

Uber's unique digital approach whereby consumers use it's app to 'carpool' means it is outside of taxi regulations. Its ability to raise and lower prices which are automatically set by a computer algorithm based on demand, mean it is able to undercut taxis, which are required by law to charge set prices, or increase fares during high demand periods. A controversial example of this was during the Martin Place Siege in Sydney in December 2014, when prices jumped to \$100. However, the quick acting service responded to negative PR by advertising free rides out of the city. The rise of Uber clearly demonstrates that there is no loyalty from consumers to the taxi industry and that price is a major incentive.

How has the taxi industry responded?

Increased competition from Uber has put the taxi industry on the back foot. As a result, taxi drivers have protested against Uber right across Australia and continue to discredit the company by highlighting the safety factors, regulations and stringent checks that its drivers must undergo. A focus from the taxi industry on service and credibility has also been adopted to counter the technology. The taxi industry has also gone on a fear campaign highlighting that Uber drivers operate with inadequate insurance and discriminate against people with disabilities. In reality many taxi drivers are moonlighting as Uber drivers and this is a major concern for those employing drivers.

"Entry level and ongoing training must reflect the seriousness of what we do for our clients. We are handling transactions that have a massive impact on people's lives and our educational standards must reflect this," he said.

Mr McGrath agrees and said that in general education and training has always been vital to a successful agency and many will need to take refresher courses around digital technology.

"The biggest threat to the industry is not Google, Facebook or realestate.com.au. It is agents who do not have adequate education and training. Those agents who do not deliver on service, ethics, transparency and data, and those who don't follow through, are the biggest risk to themselves."

Communication

According to Mr McGrath, technology will become more embedded in agents' everyday life than it has been in the past.

"Consumers are now empowered. The internet is a fantastic enabler for buyers to jump on their smartphone and look at and research properties," he said. "Agencies with scarce information will be passed over, and if there is no price guide or no address they will simply look to find another property."

"Agents need to know how their clients want to be communicated with. Is it via SMS, email or information on a website? People are looking for information, accessibility to agents, high service standards, straight talk and integrity."

"Personally, I think the real estate industry has been letting itself down," he said.



The biggest threat to the industry is not Google, Facebook or realestate.com.au. It is agents who do not have adequate education and training. Those agents who do not deliver on service, ethics, transparency and data, and those who don't follow through, are the biggest risk to themselves.



Mr McGrath believes the power of social media has not yet been fully realised and it is still establishing its place in the profession.

"Agents are using it for building their brands and consumers are developing relationships with brands, but I haven't seen social media used effectively for sales. It's not a great sales channel yet because people don't necessarily want to be sold to via social media – they simply want information."

Mr Cunningham added that in the future referrals will be "king". "Having your word of mouth reputation backed up by social media, superior marketing, visibility and community involvement will be strong differentiating points."

The agent of the future

The agent of the future will be very different to the agent of today, according to Mr McGrath. "Agents will need to be more intuitive," he said. "They must invest in the right technology solutions. If they have the skills, then technology becomes an enabler.

"The only agent in the future is a highly-skilled one. It will not be about showing people a property. It will be about having insights and local experience.

"They will have to find the best home loan, insurance coverage and orchestrate things like removalists, power and electricity. Partnerships and alliances will be a big part of the future," Mr McGrath said.

Mr Cunningham agreed. "Agencies will need to be more nimble and sophisticated. We need to mature as an industry, grow up and see the bigger picture – rather than continue with the silos of self-interest that hold everyone back as a group."

Mr Driscoll also added that it is only a matter of time before someone out of left field enters the industry and shakes things up.

"It is not someone who currently exists. It will be someone with deep pockets," he said. "If we don't think that someone is going to enter this space, we are very naïve and arrogant.

"Uber is backed by Google. Imagine if they decided to get

“

We need to mature as an industry, grow up and see the bigger picture – rather than continue with the silos of self-interest that hold everyone back as a group.”

”

involved in the property industry with the services they currently offer, like Google Maps.”

While agents will always be part of the transaction, Mr Cunningham said that agents cannot afford to be complacent.

"Any sign of poor customer experience or service opens the door for a disruptor of the likes of Uber or Airbnb to jump in," he predicted. "We need to work together as an industry to cut the fragmentation that exists between stakeholders to ensure our viability, value and relevance." ♦

CHANGE IS REALLY SLOW, UNTIL IT'S NOT



KYLIE DAVIS
Head of Real Estate Solutions
at CoreLogic

Disruptive innovation starts off slowly, then grows and grows until suddenly it is moving so fast you simply can't get out of its way. And it's happening in the real estate industry now.

So what is digital disruption? It occurs when changes in technology dramatically alter a behaviour or the way business is traditionally done. "The disruption makes things easier, faster and/or more effective," Kylie Davis, Head of Real Estate Solutions at CoreLogic, explained.

"Disintermediation, the other word we hear a lot, takes disruption one step further," she said. "It occurs when a new influence not only disrupts, but gets right in the middle of the value chain. It's where the 'middle man' is removed from a traditional transaction, bringing the provider and the end consumer closer together.

"In real estate it's the use of technology to bring a property buyer and seller together, potentially without the need for a real estate agent. Alternatively, it's where technology makes it easier for agents to do business. For example, buying advertising online in minutes without the need to talk to an ad rep or being able to see your banking information inside your CRM.

According to Ms Davis, the basic value proposition of a real estate agent has changed significantly over the past five to 10 years.

"The old value proposition for an agent was to be a connector between a buyer and a seller. If you wanted to buy a property, you had to visit an agent and see what they had in the window.

"Online property portals now do the job of connecting buyers and sellers more effectively than any agent can. You can set up a profile and get properties pushed to you from many agents. In this way, technology is being more effective than an agent at connection."

She added that if agents embrace the idea of reimagining their services and are able to offer something that buyers and sellers feel is worth paying for, then people will continue to use them.

"You have to remember that on average most people only buy or sell a home once every six years or so, and it's a huge transaction for most of us. Most people are also very time poor. They don't want to experiment on such an important investment and are looking for professional advice and assistance.

"But what they aren't looking for is a passenger who is going to take commission for doing nothing other than uploading an ad to a portal, unlocking a door and harassing them to settle for a price that is less than they think it is worth," she said.

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How to write a rockin' real estate blog

BY CATHIE DICKINSON

A real estate blog can be one of the most effective tools in your marketing toolkit.

Here are five helpful tips to help you write and maintain a successful real estate blog that will help you generate new leads and keep current clients well informed.

1. Make your headlines count

Start each blog post with an attention-grabbing headline. Legendary advertising executive David Ogilvy said: "On the average, five times as many people read the headlines as read the body copy." So the strength of your headlines can be the difference between a real estate blog that drives business and one that goes completely unnoticed.

The primary purpose of your headline is to get the first sentence of your blog read. It's the first thing visitors read. Make it count! Try using enticing, interesting, awe-inspiring adjectives in your headline to pique your audience's curiosity so they're compelled to read the entire post. Or experiment with a 'you need this information now' headline to convince them that if they don't read on, they'll miss out. If possible, include keyword phrases in your headline to help get your blog post ranked well by the Google gods.

2. Don't be too wordy

Most visitors to your blog won't start by reading your post word-by-word. Disappointing, but true. So how do you ensure they're drawn in and keep reading? Start by avoiding large blocks of copy. Use paragraph breaks, bullet points and numbered lists to break up your blog post and make it easier for your readers to digest. Varying your sentence lengths also helps.

Aim for around 400-500 words. Remember, attention spans are not what they used to be – particularly with online content – and your readers want to take in the information they need, fast. If your blog topic lends itself to a longer treatment, try breaking it down into a series of posts. This has the benefit of bringing readers back to your blog.

3. Facts and figures are your friend

We all love facts and figures, and potential buyers and sellers are thirsty for them. Blogging about new and interesting statistics from the latest housing, mortgage and economic reports play a critical role in click-through rates. It shows you are on top of what's happening in market and positions you as an expert.

But it's not just about sharing median house prices and vacancy rates. Readers also expect information about what's happening in

your local area. Being able to demonstrate an intimate knowledge of the area will impress your audience and keep them coming back.

4. Engage your audience

Focus on the topics your audience is interested in. Market reports, neighbourhood profiles, community events, latest sales ... the list goes on. More and more people Google hot topics to learn more and if you have posts on your blog covering these topics, your odds of engaging your audience are higher. Giving your readers valuable information will keep them coming back for more.

You can discover the topics your audience is interested in by asking them. Send emails to a select group of clients and leads to learn what they want to read about. This kind of feedback is key. Guessing your audience's preferences won't do much to improve your blog traffic.



Readers also expect information about what's happening in your local area. Being able to demonstrate an intimate knowledge of the area will impress your audience and keep them coming back.



5. Develop your own distinctive style

Writing a real estate blog doesn't have to be boring. Make your writing friendly and easy to read. Write like you are talking to a friend. This will connect you with your audience on a more personal level and encourage them to visit your blog again and again. Don't be afraid to show some personality.

And remember to write about things you are passionate about and what interests you. It doesn't have to be all about real estate all the time. Your readers will appreciate getting to know more about you and what make you tick.

Remember, the time spent on your real estate blog is well spent, allowing you to build a strong client base by providing interesting and reliable content. Happy posting! ♦

Building your business with a BDM



Having a sound strategy for growing your property management business has never been more important and Business Development Managers are becoming more common as part of a cost effective strategy for organic business growth.



BY TINA LIPTAI

Bryce Gibson, Principle of LJ Hooker Cessnock, has had a BDM for about three years – his wife, Mellissa Gibson. Mellissa worked in the agency as a senior property investment manager and upon returning from maternity leave, there was an opportunity to restructure the property management department to open up a role for a BDM.

“She has always been a great hunter for new business and this role allows her to really focus on her skills and help grow the business,” Bryce said. “Property management is so important to the business, it makes sense to put resources into it to help it grow and thrive. Having a BDM also takes pressure off the property managers, so they can focus on what their strengths are rather than chasing new business.”

Justin Ferguson, Principal of Justin Ferguson Property Specialists, has more than 30 years’ experience in the real estate industry. Five years ago he decided to create a BDM role as a way to grow his business and add value for clients. He now has two BDMs working at his agency.



BRYCE GIBSON
Principal at LJ Hooker Cessnock

“Property management is so important to the business, it makes sense to put resources into it to help it grow and thrive.”

Justin prefers to have a BDM who is good at sales, but has never worked

in real estate. A good cultural fit is his highest priority and, as they tend to be at the start of their career, he ensures he provides his BDMs with excellent training. “I like being able to give young people a start in the industry, and this is a great role for someone who is motivated and keen to learn about the market,” he said.

What skills do great BDMs have?

Bryce believes a great BDM is a sales person, but not necessarily in the traditional real estate sense. “A lot of people in real estate sales are better at short-term relationships – they get in, get the sale and get out. With a BDM you want someone who is great at following up and is able to build and maintain long-term relationships,” he said.

One of many strategies Mellissa uses to maintain good long-term relationships with clients is managing the majority of proactive communications, like monthly newsletters to every prospective management, all landlords and tenants.

To keep the lines of communication open within his agency, Justin



JUSTIN FERGUSON
Principal of Justin Ferguson
Property Specialists



A good BDM has a high level of intelligence and is strategic. They understand how to prospect and how to close a deal, but also how to nurture relationships so that they keep that client.



ensures BDMs attend regular property management meetings and the senior property managers attend BDM meetings. “A good BDM needs to have perseverance, resilience, a good phone manner and be able to create opportunities,” Justin said.

“A good BDM has a high level of intelligence and is strategic. They understand how to prospect and how to close a deal, but also how to nurture relationships so that they keep that client. They need to be excellent communicators and an essential part of their role is to successfully transition the relationship they have built with the new client to the property management team.”

How do you measure success?

Both Bryce and Justin work collaboratively with their BDMs to set goals and KPIs, but stress that while growth is important it shouldn't be at the expense of service.

“My BDMs work on commission and bonuses, and we have a structured system that takes into account the volume of calls made, leads they bring in and new

business that results from it. Yes, it's about getting new listings but, more importantly, quality listings,” Justin said.

Justin also makes sure the structure rewards and incentivises property managers, as BDMs essentially make more work for the property management department, they need to also benefit from new business.

Benefits of a BDM

With decades of experience in the industry between them, both Justin and Bryce agree that BDMs are essential to the structure of a growing agency.

Justin's BDMs have helped him to double his business in four years. “You can't grow your business effectively without a BDM. It's impossible. You need someone out there talking to people and making those new connections,” he said.

“Having a BDM is a great way to increase the customer experience and offer a superior level of service while still being profitable, I can't imagine running this agency without a BDM,” Bryce added. “The days of the property manager who does it all are numbered. It's just not sustainable if you want to grow your business.”◆

TOP TRAITS OF A GREAT PROPERTY MANAGEMENT BDM



TARA BRADBURY
Director at BDM Academy

Tara Bradbury, Director at BDM Academy, is a licensed real estate agent with a passion for business development.

According to Tara, one of the biggest misconceptions about the role of a BDM is that they simply attract and sign new landlords before handing them over to the property management team. But a good BDM does much more than that.

“A successful BDM needs to be sales minded but also able to establish and maintain relationships with landlords and referral sources. They should also provide direction for the property management department that is in line with the vision the Principal has for the agency,” Tara said.

“A good BDM is prepared to work outside of the normal nine to five work day. They are creative thinkers and are always looking to make new connections and find new business opportunities.”

Other important skills of a great BDM include:

- **Resilience:** There are always going to be challenges in this type of role, so BDMs need to have the right mindset to deal with rejection and to stay motivated.
- **Consistency:** You can't prospect and expect instant results. Focus on long-term outcomes and stick with a strategy to achieve results.
- **Good listener:** BDMs need to be good at listening to a client's needs and the needs of the property management team to ensure excellent working relationships.
- **Good communicator:** Clients very rarely contact an agent themselves, so once a good relationship is established the lines of communication must stay open. A good BDM will always follow up and maintain the relationship with the aim of having a client for life. Ideally, the BDM will spend most of their time working towards organic growth by generating leads and building their own contacts outside the agency. “Someone who is passionate about the role will always find opportunities to generate leads,” Tara said. “A good BDM will happily talk to anyone about what they do, you don't need to be ‘selling’ all the time but you can't be afraid to share what you do and make new connections.”

Securing our industry's future

With the 3rd annual REINSW Industry Summit coming up, the *Journal* looks at the progress that has been made on key industry issues over the last 12 months.

BY JOHN CUNNINGHAM
REINSW Deputy President

What do we need to do to secure the future fitness of our industry? That was the question posed at the second annual REINSW Industry Summit held on 27 November 2014. The Summit provided an open forum for 75 industry leaders to voice their opinions on the issues, challenges and trends impacting the industry and profession.

Discussion focused on six key areas and a series of recommendations were put forward by delegates in each of these areas.

Since the Summit, the REINSW Board has been focused on working toward achieving real outcomes in the areas identified by the delegates. Following is a summary of our progress and what has been achieved so far.

Portals

What can the industry do as a collective to influence the major players and improve the services and costs for agents?

Acknowledging that there needed to be greater dialogue between REINSW and the major portals, we now meet regularly with senior representatives of both the REA Group and Domain Group. Our objective is to influence better outcomes for members by ensuring REA and Domain understand the pressures faced by agents.

Both REA and Domain have been extremely receptive to this newfound spirit of engagement and collaboration. Evidence of this was on show throughout the 2015 REINSW Roadshow, which saw representatives of both REA and Domain travelling with REINSW to 20 locations across NSW.

In addition, representatives from both REA and Domain have attended a number of REINSW Chapter Committee meetings with a view to better understanding how agents interact with their products and what improvements can be made.

As a result of REINSW's improved relationship with REA, we have also been able to strengthen our relationship with News Ltd, which has seen REINSW articles and stories appearing with much greater frequency throughout their masthead print publications.

In addition, REA has signed an agreement with REINSW to integrate their online tenancy application service 1Form with REI Forms Live. Those agents who elect to use 1Form will soon be able to pre-populate information captured in 1Form directly into the REI Forms Live residential tenancy agreement.

Further, REINSW continues to support industry-owned portal realestateVIEW and has been in communication with both Squiiz and Followit in order to ensure that we are in the best position to understand and assess the impact of developments in the online space.

National presence

How should a national real estate body come together to best benefit the industry?

REINSW parted ways with REIA some seven years ago. At that time, the Board took a critical look at the services provided by REIA and reached the clear conclusion that we were not receiving sufficient value for our investment and the national body was not operating effectively. Our view has always been that if REIA demonstrated a commitment to reform, then we would consider re-engaging with it.

Over recent months, REINSW has met a number of times with both REIA and our sister REIs to discuss how a re-envisioned national body might come together.

We have received a commitment from REIA that they will provide a business case to us demonstrating a value proposition

and setting out a reform pathway that will allow REINSW to consider re-joining the body, and we looking forward to progressing these discussions.

Lifting education standards

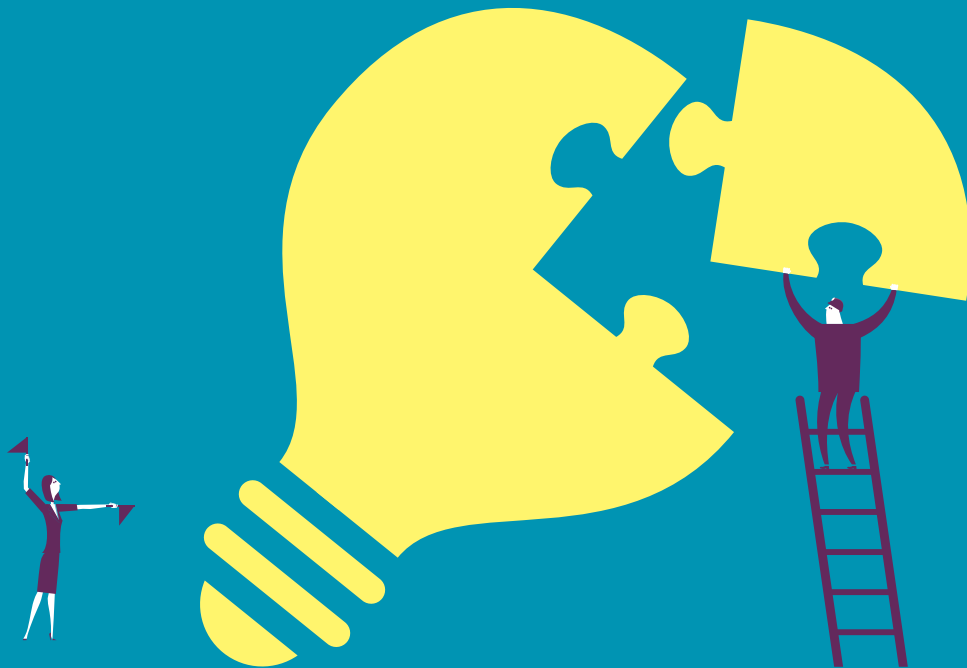
How can entry-level and ongoing industry education be better aligned to workplace requirements?

Coming out of the Summit was overwhelming support for higher education standards for both entry-level and continuing professional development, and the need to better align industry education to workplace requirements.

Delegates were in support of REINSW's proposed partial self-regulation model, which includes a targeted education program derived from industry knowledge and experience. In addition, the model proposes that we work with government to provide a level of accountability and professional oversight.

With the appointment earlier this year of the Minister for Innovation and Better Regulation, Victor Dominello, we have continued our lobbying efforts in this area with renewed energy. Minister Dominello has a reform agenda and has demonstrated a real desire to work more collaboratively with us. To that end, REINSW is now part of the newly established Real Estate Reference Group, along with the Australian Livestock & Property Agents Association and the Estate Agents Cooperative. The reference group provides us with a platform to work closely with the Minister and NSW Fair Trading to achieve the best outcomes for the profession and consumers.

The absolute necessity to lift education standards has been identified as a priority and the reference group has asked the



Minister to form a committee to focus on this issue. The committee will comprise industry experts in education and real estate appointed by the Minister, and will review the current entry-level education requirements and CPD requirements for Certificate and Licence renewal to determine if they are adequate for agents in today's market.

Regulatory challenges

How should NSW Fair Trading address the key regulatory challenges facing the industry?

Delegates agreed that a cooperative relationship with government, rather than the adversarial one that currently exists, is a must. REINSW's participation in the Real Estate Reference Group is a positive step toward achieving this. By working together with the Minister and Fair Trading, we can tackle the issues facing our profession and embrace necessary reforms to achieve the best outcomes.

Upon his appointment, Minister Dominello announced that one of his priorities was to address some of the regulatory problems for our industry. In keeping with this promise, new underquoting laws have been introduced into NSW Parliament. REINSW worked closely with the Minister and Fair Trading during the drafting process. Our involvement, and government's willingness to ensure the profession's input was taken into account, signals a new era of cooperation and we look forward to further input on important issues.

Underquoting is just one issue on the agenda. REINSW is also working with the government on a wide range of issues including education standards, licensing requirements, asbestos, building and pest

inspections, property spruikers, vendor listing sites, material fact, stigmatised properties and more.

Payroll tax

What are the unknowns that need to be clarified by the NSW Office of State Revenue?

The NSW Office of State Revenue needs to provide clarity around the issue of contractors and employees, and when payroll tax is applicable; the rules regarding payroll tax need to be black and white.

REINSW has been in regular communication with OSR on this issue with a view obtaining a commitment from them to provide guidance to the profession. In a small step forward, OSR has now committed to producing an educational video on the issue, which will be rolled out to agents.

REINSW also continues to work closely with the Real Estate Employers' Federation (NSW) to ensure that members receive timely and accurate information and advice on this issue.

The role of property managers

Where do risk and responsibility start and finish?

Smoke alarms, decks and balconies, glass, window safety devices, blind cords, swimming pools, asbestos and more – property managers are now expected to make assessments on a wide range of building related issues.

Clarifying the responsibilities of property managers is on the agenda for the Real Estate Reference Group. The job description has changed dramatically and the legislation needs to acknowledge this.

In a pre-emptive move, REINSW is now undertaking a review of residential tenancies legislation. Every five years, the

NSW Government is required to conduct a review of residential tenancies law. The last review was completed ahead of the commencement of the *Residential Tenancies Act 2010* and the Residential Tenancies Regulation 2010, which means the next review is imminent.

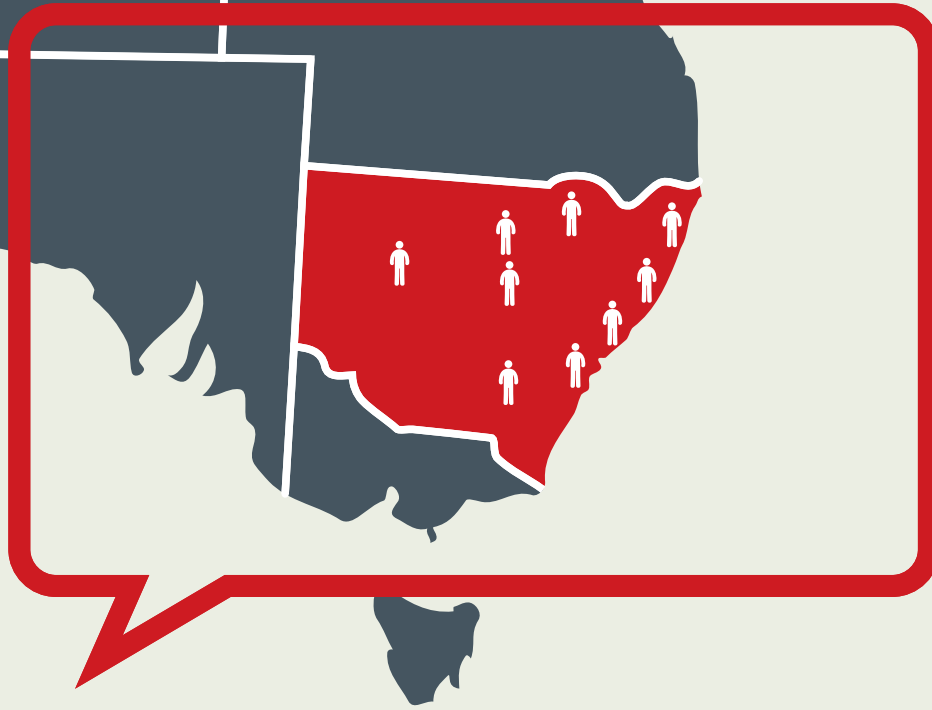
While the government has yet to announce the review, in anticipation the REINSW Property Management Chapter Committee has formed a dedicated sub-committee to identify those areas in the current legislation requiring reform. Once the sub-committee has completed their assessment, a report will be provided to REINSW to form the basis of any future submission to government.

REINSW is also working closely with the government on the issue of asbestos. We recently met with Safe Work (formerly known as WorkCover), and REINSW CEO Tim McKibbin is now a member of the Safe Work committee focusing on asbestos. Safe Work has acknowledged that agents are in an untenable position and that a solution is needed. REINSW is of the view that the long-term solution is to legislate a process for compliance by agents. We will continue to lobby for change on this important industry issue.

2015 REINSW Industry Summit

There is still much work to do, however REINSW is committed to continuing to work with members and the wider profession to secure better outcomes going forward.

The 2015 REINSW Industry Summit is being held on Friday, 27 November 2015 in Sydney. The agenda for the Summit is currently being compiled and will be announced shortly. The theme for the Summit is *Disruption, distractions and dilemmas: What does the future hold?* ♦



CONNECTING CLIENTS

Embracing the home connections industry allows agents' businesses to thrive.

New South Wales' leading agents are embracing the ever-innovative home connections industry and recognising the value-add it provides to existing real estate services.

An effective one-stop-shop, home connections experts provide a free service for people moving house, saving them time and hassle by organising a move from start to finish, arranging everything from electricity and water connection to removalists and insurance.

Having moved more than one million Australians over the past 10 years, Direct Connect is Australia's leading home connections expert with strong property industry backing. Fully Australian-owned, it has invested heavily in research to better understand the moving process, expanding its services to fill the needs of time-poor movers and give agents a point of difference in the market.

Industry support

In recognition of its services, the company has agreements with more than 3200 agents nationally as well as the endorsement of national industry bodies REINSW, REIA, REIV, REISA, REIQ, REIACT, REINT and REIWA.

In the past quarter alone, major real estate firms including LJ Hooker and

Raine & Horne have re-signed long-term partnership agreements with the company, providing Direct Connect with access to a further 140,000 properties under management and strengthening agreements with agents across the property industry.

Innovation, investment and partnerships

Paul Docherty, CEO of Direct Connect, says innovation and investment was seeing home connections services becoming an integrated part of the real estate industry's service delivery model.

"Real estate agents are increasingly seeing the value of partnering with a home connections expert such as Direct Connect. A specialist moving partner provides a value-add to existing relationships, a competitive difference and also drives efficiency within their business," he said.

Mr Docherty said the average move arranged by individuals takes 103 minutes to arrange and eight phone calls to connect essential services.

"Direct Connect saves the average consumer 74 minutes when organising their own move by bringing all of the elements into one place and providing expert recommendations from a suite of providers," he said.

Success in the market is highly influenced by partnerships and innovation. In recent months Direct Connect has invested in new technology to further streamline its process and, in a market first, allow agents to track the status of their clients' move and connections.

Direct Connect has also implemented a new Visa PayWave system of rewards to make accessing funds simpler than ever.

With the innovation underway in the home connections industry, it makes sense for agents wishing to differentiate their service offering to use a trusted partner that can eliminate the pain of moving house for clients.

For further information on Direct Connect, and to find out how you can expand your existing real estate service offering to add value to your business, please visit www.agents.directconnect.com.au or call 1300 558 169.



MAKES MOVING EASY

Fend off fraud



Be vigilant and proactive to avoid becoming a victim of employee fraud.

BY NANCY RAINBIRD
Claims & Compliance Manager
at Realcover

Trust account fraud is known to rise during hard times and a fidelity loss has the potential to destroy a business. It seems staggering with the amount of technology and advanced software available that trust account fraud can still happen. But it does – and all too often.



Unfortunately, the fraud usually goes undetected for far too long because of inadequate internal controls over the activities of seemingly 'trusted' employees.



Realcover has seen a number of examples of theft and misappropriation of trust funds, and these claims are usually the result of inadequate supervision and controls. Unfortunately, the fraud usually goes undetected for far too long because of inadequate internal controls over the activities of seemingly 'trusted' employees.

The key to avoiding becoming a victim of trust account fraud is supervision and adequate internal controls:

- **Bond reconciliations.** Make sure you carry out bond reconciliations regularly. Match tenant details to the Rental Bond Board report and investigate any differences. This task should be carried out by someone who is not responsible for bond lodgements or bond claims.
- **Bank reconciliations.** Always check the bank reconciliation before signing. You would be surprised how many principals simply sign the reconciliation each month without checking. This is a recipe for disaster. Before signing:
 - Check the balance on the bank statement matches the balance on the bank reconciliation.
 - If there are any outstanding deposits on the bank reconciliation, check they have been banked the next day and appear on the bank statement.
 - If there are adjustments on the bank reconciliation, find out what they are and what is being done about them.
- **Investigate unknown deposits.** Ask your property manager or trust accountant to explain what is being done about 'unknown deposits' or suspense account transactions, as these unidentified amounts need to be receipted.
- **Assigning tasks.** When you are assigning tasks, be sure to assign different tasks to different staff members. If you must take cash from tenants, make sure the receipting and banking functions are done by different staff members.
- **Unpresented cheques.** Keep an eye out for cheques that remain unpresented for several months. Cancel and reissue them if necessary.
- **Unclaimed money.** Send unclaimed money to the Office of State Revenue as soon as it is two years old at 30 June each year. Unclaimed moneys are easy pickings for the entry-level fraudster. Follow the above steps and keep asking questions until you are satisfied that all the t's have been crossed and the all the i's dotted. Don't be complacent. ♦

DISCLAIMER

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The 7 key steps to listing success

What is the key to getting what you want? Quite simply, it's helping other people get what they want.



BY MICHAEL SHEARGOLD
CEO and Head Coach at
Real Estate Results Network

Your listing strategy is very similar to a job interview; the vendor is going through the process of establishing whether or not they are going to hire you for the job of selling their property. Here are the seven steps to listing success.

1

Phone qualification

The average agent wants to get on and off this call as fast as possible. My coaching here is simple. It's the beginning of the listing appointment, so make it count! Use this as the time to gain some quality information from your potential vendor about them, their situation and their property. A coaching tip here is to always ask for permission to ask questions – that way your client is expecting them! Here's a suggested framework:

- How did you get on to me? Why did you call me? Was it through a referral or a friend? Did you see a great win in your area that we have achieved?
- Why have you decided to move?
- What time frame are you looking to move?
- How long have you owned the property? Any improvements?
- What are some of the key features of the property?
- What are your price expectations?

From this conversation you will be extremely well equipped to step into the listing appointment and be very effective. By ensuring the call is a quality communication, you can hone in on the steps needed to win the listing. Start establishing positive rapport – keeping in mind, you want to keep the communication conversational, not interrogational.

2

Pre-appointment kit

Within an hour of your phone call with the vendor, make sure that you have sent a pre-appointment kit to the vendor. This creates an additional touch point between you and your client; it builds your credibility and should also help communicate your value proposition. Here are the key ingredients to make sure you have included in your pre-appointment kit:

- Covering letter, thanking them for the opportunity to meet with you and confirming the details of the meeting
- Testimonials
- Agency profile
- Personal profile
- Pre-listing questionnaire
- Properties you have sold or are currently for sale
- Your information, business card and contact details

This is a key touchpoint in creating your relationship with the vendor. The plan here is to have at least five quality touch points between you and the vendor before you ask for their business.



3

Confirm appointment and prepare

This step is simply about you taking the time to touch base with the vendor and confirming the time and location of your appointment. In your preparation, make sure you have covered the following:

- What is the appropriate marketing of this property going to be?
- What are the comparable sales to this property?
- Who is the likely buyer for this property?
- What are the relevant statistics to share with this client?
- What case studies best suit the style property and price range?

4

Arrive early

This is essential. Arriving early after having the above completed feels great and sets yourself up for success in the listing. Manage your time appropriately, so you're not stressing if all the lights aren't green! You do not want to arrive late or even worse, be flustered and stressed that you are late. Now I'm not saying go in and begin early. Just arrive early, have a chance to look in the next couple of streets and bring your awareness into focus for this area of the market.

5

The listing appointment

You want to keep two things in mind going into your listing appointment: the outcome and the goal. The outcome you want to achieve is to list the property and the goal is to enlist the people.

With listing the property, you need to make three sales: they need to be sold on you, your agency and your plan to get them a great result.

To enlist your people you must address the three internal checks: they need to know you, like you and trust you!

An important point here is your clients typically have a number of things they want (before you walk in the door). I'd like to suggest that if you don't address these, you'll make it harder for the client to choose you!

The things that they usually want include:

- Results – How are you going to help achieve our property goals?
- Low stress – Are you going to reduce it or add to it?
- Reliability – Can we count on you?
- Relatable – Can we connect with you?
- Authentic – Are you real and trustworthy?

So with that background, let's now talk structure of your listing appointment. Your goal must be to make it easy for your client to choose you. So there are five important elements you need to cover:

- Establishing and maintaining a positive rapport
- Understanding your client's needs
- Presenting value in your recommendations
- Handling any issues, concerns or objections
- Asking for the business

Gaining a great flow in your listing appointment is essential for you being chosen as the agent. The listing appointment is where you are able to really showcase your skills as an agent. Look forward to the actual appointment and see it as your chance to shine.

6

Thank you

Another essential element to listing success is the long forgotten art of saying "thank you". You can call, email, SMS or use a handwritten card straight after the appointment. You're either thanking the vendor for appointing you as the agent or the opportunity to present to them and help them with their property goals.

7

Amazing follow-up

So much business is won and lost based on the quality of the follow up after the listing appointment. This is your opportunity to prove to the vendor you are the right agent for the job – confident and consistent in your communication. This gives the vendor peace of mind in choosing you as their agent and will pay big dividends long term in your communication with the vendor.

As an individual and as a team, go through these seven steps and check on how you are performing. From there, build a simple Listing Performance Plan of what you'll Start, Stop and Continue.

Good luck on your listing success journey – it's the most important skill for you to master! ♦

Reaching for the stars

Tracey Fellows knows all about how women hold themselves back from landing the top job. She nearly did it herself. When she was asked in 2007 to become Managing Director of Microsoft Australia, her response to her boss was “no ... I can't do it”.



Tracey Fellows is one of the most successful women in business today. Currently the CEO of REA Group, Tracey's resume includes Executive General Manager of Communication Management Services at Australia Post, Microsoft Vice-President for the Asia-Pacific region and Managing Director of Microsoft Australia

What is most interesting about Tracey's successes however, is that she could have very easily held herself back – much like many women.

Don't hold back

Tracey believes that some women unknowingly hold themselves back. She said that this is usually because of fear of failure and lack of confidence.

“I think women are naturally more self-critical,” she said. “It is proven if there is a job description that asks for a range of skills or capabilities, women will look to see if they can do all of them before they consider themselves for the role. Men will say “hey if I can do 60%, sure I'm in”. Whether it's being self-critical or a lack of confidence, women will hold themselves back.”

Furthermore, she says that when somebody has more confidence in you than you have in yourself, it creates a lot of self-belief. However, this is not the only way to boost your confidence.

“I think self-belief can help overcome the confidence issue or the fear of failure. I'm not sure that it's the only way though. I wouldn't put myself in the category of high self-belief, but I've had other

people around me who have had more confidence in me than I have had in myself, so that helps.”

Be vocal about your wants

When it comes to aspirations, especially when these goals are leadership positions, Tracey thinks that it is important to be vocal about your wants.

“There are two pieces of advice when aspiring to leadership positions. The first is to be able to tell people that you aspire to those positions. If this is an ambition that you have within yourself and you share it with nobody else, it's hard to get into that position.

“The second is to open yourself to feedback. Leadership positions come in all shapes and sizes, but they invariably test and challenge you in ways you don't anticipate so getting feedback early and often on your way to those positions is good. And look for mentors in all shapes and sizes – they might be women, but mentors don't have to be exclusively women.”

Her most important advice however, is for women to really hone in on what they want out of their career early on.

“Think about what you actually want and then work towards it. Earlier in my career I sort of drifted, worked hard, hoped that somebody would notice I was working hard and then at some point something would happen. This is one of the most valuable lessons I have learnt throughout my career.” ♦

WANT MORE?

Want to hear more about Tracey's career experiences and what she has learnt along the way? Tracey is one of the headline speakers at the REINSW Women in Real Estate Conference coming up on 17 November 2015. See the complete line-up and book your place today at reinsw.com.au/WIRE

17TH
NOVEMBER
2015

Training calendar



2015 REINSW Women in Real Estate Conference – 17 Nov

Sydney Now in its 9th year, this year's conference is set to be bigger and better than ever before. Headline speakers include Kerri-Anne Kennerley, Mia Freeman and Tracey Fellows. Don't miss it!

NOVEMBER 2015

2 Nov • SYDNEY

Trust Accounting Refresher ●
(9.30am-1.30pm)

4 – 6 Nov • SYDNEY

Keeping the Books
Essentials ●
(9.30am-4.30pm)

5 Nov • SYDNEY

Agency Compliance 101 ●
(9.30am-1.30pm)

9 – 13 Nov • SYDNEY

Certificate of Registration
Course ●
(9.00am-5.00pm)

9 – 13 Nov • SYDNEY

Property Management
Essentials ●
(9.30am-4.30pm)

16 – 20 Nov • SYDNEY

Certificate of Registration
Course ●
(9.00am-5.00pm)

16 Nov • WOLLONGONG

Underquoting Information
Session ●
(9.00am-11.00am)

16 Nov • SYDNEY

An Agent's Guide to Tax and
Property Investment ●
(9.30am-1.30pm)

17 Nov • SYDNEY

2015 REINSW Women in Real
Estate Conference ●
(8.30am-5.00pm)

19 Nov • SYDNEY CBD

Underquoting Information
Session ●
(9.00am-11.00am)

19 Nov • SYDNEY CBD

Underquoting Information
Session ●
(1.00pm-3.00pm)

19 Nov • WEBINAR

Your Essential Guide to
Agreements and Forms ●
(10.00am-11.00am)

23 – 27 Nov • SYDNEY

Certificate of Registration
Course ●
(9.00am-5.00pm)

24 – 27 Nov • SYDNEY

Trust Accounting Essentials ●
(9.30am-4.30pm)

25 Nov • SOUTH SYDNEY

Underquoting Information
Session ●
(9.00am-11.00am)

DECEMBER 2015

1 – 3 Dec • SYDNEY

You and the Law Essentials ●
(9.30am-4.30pm)

3 Dec • SYDNEY

Setting up a New Business –
Finance and Compliance ●
(9.30am-1.30pm)

7 – 11 Dec • SYDNEY

Certificate of Registration
Course ●
(9.00am-5.00pm)

14 – 16 Dec • SYDNEY

People Management
Essentials ●
(9.30am-4.30pm)

14 – 18 Dec • SYDNEY

Certificate of Registration
Course ●
(9.00am-5.00pm)

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CATHY BAKER
Principal at Belle Property
Killcare/Wamberal

Killy Cares

Caring for the Coast



Community. Compassion. Care. Collaboration. These are the four core values that central coast charity 'Killy Cares' is built on.

Cathy Baker, Principal of Belle Property Killcare/Wamberal, takes great pride in looking after her local community. So much so that last year she decided to set up a local charity – Killy Cares.

Killy Cares is a not-for-profit organisation established to provide support to members of the Bouddi community. Whether sick, disadvantaged, elderly or otherwise in need of special assistance, Killy Cares is there to provide help that is not otherwise available in the community.

As Vice President of the charity, Ms Baker believes the Killy Cares makes a significant difference in the local community.

"When you work in a small community, you are very aware of different things that happen within that community," she said. "For example, there are elderly people having to move out of their homes into retirement villages. Being able to provide a few extra services so that they can stay in their home longer is so rewarding. It is wonderful how providing really simple things like teaching them how to buy groceries online, or helping them with public transport, can make such a difference."

“

Being able to provide a few extra services so that they can stay in their home longer is so rewarding.

”

The charity has captured the minds of the local community, with many volunteers rallying together to support the charity's activities. These volunteers make an invaluable contribution by generously donating their time, skills and expertise to benefit those who are in need.

In the charity's short life, the team at Killy Cares has already carried out many fundraising activities and gained initial funding for anyone in the community with immediate need. An example of this was during the storms the region experienced earlier this year. Killy Cares used its

Facebook page to communicate with people in need of assistance. Ms Baker said that the Facebook page has been a great source of communication, keeping the general community – as well as the Killy Cares volunteers – informed about where work was being carried out.

Moving forward, a major goal for the charity is to obtain Deductible Gift Recipients (DGR) endorsement. This status will ensure that all funding raised is tax deductible for the people who are kind enough to make donations

For more information on Killy Cares or to make a donation, visit killycares.org. ♦

YOUR STORY

We want to hear your stories!

If you, or a member you know, supports a charity or works generously in the local community, please help us share the story. Email the *Real Estate Journal* Editor at journal@reinsw.com.au

Time Savings = Money in Your Pocket

How it is now

It's time to challenge manual repetitive tasks in property management that can be easily automated.

Think about this. The average rent toll size across Australia is now over 340 properties in size and on average each property has around 5 maintenance jobs completed per year, creating 1,700 jobs for your team to process.

Using current legacy trust systems it takes an average time of around 30 minutes to record and complete each task, which is around 850 hours spent each year handling mostly mundane tasks that most property managers don't enjoy doing.

The annual cost to your business to handle maintenance alone with 340 properties would thus, be around \$30,000 (\$35 per hour) and with 700 properties, around \$61,000. That's a big chunk of the income generated from Property Management fees.

How it can be

Award winning Principal and Property Manager, Tennille Mugridge of Home Specialist Property Management in East Gosford NSW put it quite simply;



"Using Maintenance Manager we can far more easily and efficiently manage every maintenance task in properties under management. The system provides an exceptional automated

reminder system, works with our Trust system and keeps a concise audit trail of every communication and note, to ensure better protection for our business. Communicating with Landlords, Strata, Tenants and all our Trade Suppliers has never been easier. The team at PropertySafe are also professional and very helpful." Tennille Mugridge- REINSW Member

Workflow Software Solutions

Maintenance Manager by PropertySafe (a REINSW major partner) has re-defined property maintenance and it is the industries leading fully mobile, workflow software that puts maintenance control in the palm of your team's hand 24/7.

Simply put, handling maintenance that can take in excess of 30 minutes using manual processes that are subject to multiple points of failure, can now be completed more professionally and accurately in Maintenance Manager in less than 3 minutes, as the platform provides more effective capturing, documenting and processing of all tasks plus completes automated reminders to all parties including Landlords, Tenants, Trade Suppliers and Strata bodies.

In addition advanced KPI reporting is available for the principal or senior (to view on a smartphone, tablet or computer) regarding PM team performance and the auto creation of comprehensive audit trails (for Tribunal) are other benefits of the platform.

The Nuts And Bolts

If a 25-27 minute average saving can be made for every maintenance task completed the annual operational cost savings are very substantial.

Annual Cost Savings (Estimated)

Rent roll of 340 properties	\$26,500
Rent roll of 700 properties	\$53,130

Andrew Cox- National Marketing Manager for PropertySafe said;

"Maintenance Manager is part of the PropertySafe risk mitigation strategy designed to help reduce the chances of successful legal damages claims against agents relating from both; tenant injuries and the mishandling of maintenance tasks. There are fantastic operational cost savings, enhanced customer service to landlords and tenants and Property Managers spend so much less time on mundane, repetitive tasks."

Agents can enjoy all the benefits of Maintenance Manager with NO ONGOING COST when included with the free PropertySafe report recommendations to Landlords.

For information or to organise a no obligation demonstration

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email: info@propertysafe.com.au



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