

Journal

FEB 2009
VOL 50/01



The Journal goes green

Ownership overhaul in pub industry

Credit card fraud – avoiding the traps

RealCover achieves Australian licence

creating opportunity

Business management and marketing strategies for tough times

Delmege Residential
Maintaining a strong brand on Sydney's Northern Beaches

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The *Real Estate Journal* is a member
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A JOB OR LOOKING FOR
WORK, THE PERFECT
PLACE TO START IS
REINSW Real Careers."

Malcolm Gunning
Gunning Commercial

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*REINSW member-only price.
Non-member price: \$175 for each four-week listing.

What is the rental market like in your area?

Every month REINSW releases the latest vacancy rate figures, which continue to attract widespread media coverage across the state.

News stories about the vacancy rates appear not just in metropolitan areas, but also in numerous regional and rural newspapers, including:

- *Daily Advertiser*, Wagga Wagga
- *Border Mail*, Albury
- *Daily Liberal*, Dubbo
- *Northern Daily Leader*, Tamworth and many more!

REINSW President Steve Martin has been busy on the phone doing interviews with journalists and reporters, with guest spots on radio stations including 2GB, 2SM and 2UE.

The raw circulation figures for our last news release totalled an audience/readership of more than 2.4 million for REINSW's media coverage.

The stories centred on the extremely tight rental vacancies in most areas, although Newcastle and Wollongong had slightly higher vacancies at the end of 2008 – possibly due to the seasonal nature of students in these cities.

RealCover

Meanwhile, REINSW has also received media coverage following news that professional indemnity insurer RealCover has achieved an Australian insurance licence.

An article about RealCover appeared in the *Australian Financial Review*, quoting Steve Martin as saying the licence would give "added comfort to agents and property consumers".

(Find out more about RealCover's achievement on p37)

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

PRESIDENT'S MESSAGE



Finally some good news

2008 may have ended with a general feeling of financial uneasiness, however I believe that for some, 2009 could be a year of recovery.

The latest figures are out and first home buyers are taking advantage of the increased state and federal grants. First home buyers made up 23.6% of the mortgage market in November, the highest proportion since January 2002 and a big jump from October's 19.5% share.

Everyone at REINSW is very pleased to see this better than expected figure. The recovery of the NSW property market has a long way to go but this is a good start.

REINSW is committed to helping as many people as possible get into their first home. The increased first home buyers grant is only available until 30 June. We often complain about not getting enough from the government – now is the time to jump at the opportunity while it is still available.

While first home buyers are returning to the market, the same cannot be said for investors. Despite the lower interest rates and reduced real estate prices, property investors are still hesitant. We need to see a resurgence of residential property investment coupled with people buying or building new homes in order for the housing market overall to make a continued and meaningful improvement.

On a different topic, I would like to make a special mention of the tireless efforts of the team at RealCover, especially Chairman John Hill.

REINSW established RealCover to provide cost-effective professional indemnity insurance to the real estate industry following the collapse of HIH. Not only has RealCover delivered on its promise to provide a quality professional indemnity product, it has also done so at very competitive rates. RealCover has now been granted an Australian insurance licence from the Australian Prudential Regulation Authority, following a rigorous application process.

The licence is a major milestone for RealCover and, I firmly believe, demonstrates the effort that REINSW and RealCover have made and continue to make to serve the best interests of our profession.

Steve Martin
REINSW President

WE OFTEN COMPLAIN ABOUT NOT GETTING ENOUGH FROM THE GOVERNMENT – NOW IS THE TIME TO JUMP AT THE OPPORTUNITY WHILE IT IS STILL AVAILABLE.

REINSW MAJOR PARTNERS



Water deal

Sydney Water has signed a \$5 million contract with Brookfield Multiplex to build a new office and warehouse facility at a historic site in Potts Hill, in Sydney's south-west.

The facility has been designed to achieve a minimum five-star Green Star rating and will use recycled materials during construction, where possible.



Magic deal for Aussie

Aussie Home Loans has announced a deal to buy Wizard Home Loans from GE Money.

Aussie is purchasing the Wizard brand and distribution network of 160 outlets with more than 300 mortgage brokers around Australia. As part of the acquisition, Aussie's 33% shareholder, the Commonwealth Bank, will re-finance up to \$4 billion worth of Wizard-originated home loans.

NSW property hot spots

Investors and first home buyers are likely to be competing against each other in 2009 for low entry-point properties with potential for long-term capital growth, according to RP Data.

The property research firm has released its picks for the property hot spots of 2009. The selection is based on 'strategic affordability' and identifies suburbs that represent good value for money based largely on location, necessities and social options.



Property hot spots – Sydney

Suburb	Approx distance from GPO	Property type	No. of sales	Median price	Median weekly rent	Average days on market
Granville	18.6km	House	157	\$345,000	\$330	37
Macquarie Park	11.8km	Unit	143	\$395,000	\$350	17
Toongabbie	25.2km	House	117	\$386,000	\$330	34
Greenwich	4.0km	Unit	49	\$338,000	\$450	45
Ultimo	2.1km	Unit	162	\$365,000	\$450	56
Chippendale	2.7km	Unit	84	\$372,000	\$380	30
West Ryde	12.9km	House	73	\$635,000	\$400	27
Canada Bay	8.4km	House	12	\$777,500	\$450	31
Crows Nest	4.1km	House	61	\$930,000	\$750	29
Chiswick	6.5km	Unit	57	\$472,000	\$425	41

Property hot spots – regional

Suburb	No. of sales	Median price	Median weekly rent	Average days on market
Illuka	42	\$380,000	\$300	101
Ballina	57	\$422,500	\$330	51
Woolgoolga	43	\$330,000	\$300	88

Developer levies cut

Developers could save up to \$64,000 a property after the NSW Government cut infrastructure levies payable on new residential housing developments.

The move is an attempt to stimulate housing construction, as residential dwelling approvals and housing starts remain low.



ATO warns developers on GST credits

Developers have been warned to adjust their GST credits if they decide to rent a property instead of sell it.

"If you are registered for GST and constructed new residential premises that you originally intended to sell but since rented out, you may need to make an adjustment in your June activity statement," the Australian Tax Office said.

New residential premises that have been constructed for sale can generally attract GST credits, while renting the properties is not considered a creditable purpose.

"If you review your activity statements and report any mistakes voluntarily using the form, you won't have to pay any shortfall penalties," the ATO said.

For more information visit www.ato.gov.au

Unit block really is harbourfront now

Residents from a block of waterfront units have been evacuated after a sea wall in front of their building collapsed.

The combination of a king tide, strong winds and heavy rain was too much for the Kurraba Point wall, which washed away into Sydney Harbour.

The collapse serves as a warning for strata managers of waterfront properties to check the condition of their sea walls and foundations.



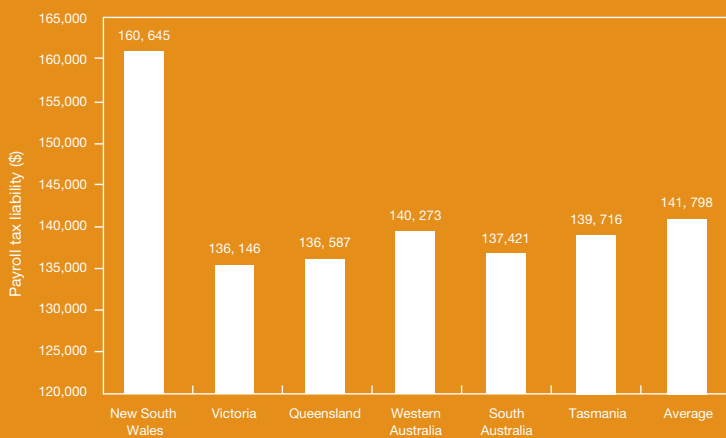
Taxing times in NSW

A study by the Institute for Public Affairs has declared what most businesses in NSW have already guessed: that NSW has the heaviest tax burden for businesses out of all states in Australia.

The study created a medium-sized 'reference business' for comparison purposes, which would have a hypothetical profit of \$3.9 million a year. If this business were to be taxed in every state, it would pay \$222,356 worth of taxes to the NSW Government, compared to \$195,621 in the lowest taxing state, Western Australia.

Payroll tax in NSW was also the highest out of all states.

Payroll tax liability, 2008



Based on tax liabilities borne by a reference business
Source: IPA State Business Tax Calculator



First the Toaster, now the Rubik's Cube

The Muesum of Contemporary Art (MCA) has unveiled plans for a \$50 million development alongside its existing building at Circular Quay in Sydney.

The new construction, which resembles the jumbled blocks of a Rubik's cube, is expected to be completed by March 2011 if the museum can secure a further \$23 million of funding.

MCA said the building was in response to the increasing popularity of the museum, which is visited by more than 500,000 people a year.

Studying the costs

A study has found that 87% of students live in capital cities and face an average weekly expenditure of \$542.

The study by AMP and NATSEM is a useful guide for property investors about the earning capacity of students.

Only 12% of students live in group accommodation, as the high cost of living forces students to remain living at home.

The average individual income for full-time students was \$269 compared to \$822 for full-time workers.

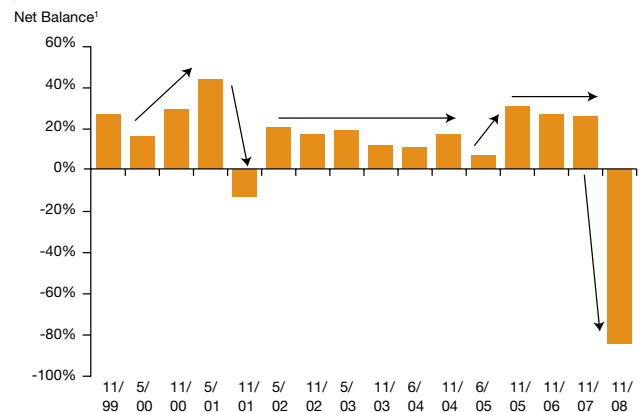
"On average, students in group houses actually have higher weekly housing costs than the full-time workers," the study said. "On average, the weekly rent per person in the students' group houses is



\$116, in comparison to \$104 for the workers' houses. This is likely related to the fact that the vast majority of students live in capital cities, where housing prices have been rapidly rising in recent years and are generally much higher than those in the rural or regional areas."

Commercial investors pessimistic

Figure 2: Real Estate Sentiment Index - Short Term



1 Total return expectations for the next 6 to twelve months

Sentiment among the commercial property sector is at its lowest point since the downturn of 1991, according to a survey by Jones Lang LaSalle.

"All three commercial property sectors are judged to be in the midst of the early downturn stage of the cycle," said David Rees, Jones Lang LaSalle's Head of Research in Australasia.



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The Journal goes green



BY ROSLYN ALDERTON



DID YOU KNOW THAT BY READING THIS PRINTED COPY OF THE *JOURNAL*, YOU ARE HELPING TO REDUCE CARBON EMISSIONS?

The *Journal* has gone green! From this edition onwards, the *Journal* is now printed on the highest quality renewable paper stock, using the most environmentally-friendly printing processes available.

The change is a result of an analysis by REINSW to find ways to reduce the *Journal's* impact on the environment.

It's an issue that I had thought about for some time. I grew up in the bush and spent many family holidays on camping trips in national parks. I've walked through breathtaking forests and felt saddened that so many forests around the world are disappearing. Trees are turning into print-outs, brochures and magazines ... such as the *Journal*. The real estate industry in particular churns out huge volumes of paper. As *Journal* Editor, I felt it was important to manage our consumption of paper.

So I was surprised to discover that printed material can actually be more environmentally-friendly than reading content online.

We've all seen emails that end with a statement such as "Please consider the environment before printing this email". You may even have something similar in your own email signature! The message is that it's better to read an email online because that saves paper. And the less paper we use, the less trees need to be cut down.

The truth is that computers use resources too, especially in the form of electricity, which is mainly produced by coal-fired power stations that release CO₂ into the atmosphere and contribute to global warming.

Trees, on the other hand, suck up CO₂. Sustainably managed tree plantations help to reduce carbon levels. After the trees are cut down to turn into paper, more trees are planted, so that the plantations become a renewable resource and virgin forests can remain untouched.

The *Journal* is now printed on paper that is certified as coming from sustainable plantations. The paper is an FSC stock, which means that every aspect of the supply chain – from the forest to the paper mill to the printer – is certified by the Forest Stewardship Council.

REINSW has also adopted a new printer for the *Journal*: Finsbury Green, Australia's leading environmental, printing and solutions group. This printer doesn't just claim to be green: it is independently-audited and has achieved international certifications that it is the 'real deal'.

Making the *Journal* green is just another way that REINSW is helping you, our members. Look out for the March edition, which will contain practical ways to help your business soften its environmental footprint too.

Roslyn Alderton is Editor of the *Journal*. ♦

PRINTED MATERIAL
CAN ACTUALLY
BE MORE
ENVIRONMENTALLY-
FRIENDLY THAN
READING CONTENT
ONLINE.

Paper

The *Journal* is printed on paper that is certified by the Forest Stewardship Council (FSC). FSC is an independent, non-governmental, not for profit organisation established to promote the responsible management of the world's forests. Products carrying the FSC label are independently certified to assure consumers that they come from forests that are managed to meet the social, economic and ecological needs of present and future generations.

Printer

Finsbury Green is Australia's leading environmental, printing and solutions group. Measures adopted by Finsbury Green include:

- offsetting all carbon emissions so that it remains a carbon neutral printer;
- using vegetable based inks;
- only using alcohol free printing;
- proactively reducing water and energy consumption.

Put your business first



REAL BUSINESS FIRST

EVEN WHEN IT'S TOUGH TO INCREASE YOUR TOP LINE REVENUE WITH NEW LISTINGS, YOU CAN STILL IMPROVE YOUR BOTTOM LINE PROFIT WITH THE RIGHT TOOLS AND KNOW-HOW.

Principals can now drive their business smarter, with the launch of a new service called Real Business First.

Developed by REINSW in conjunction with Deloitte, Real Business First is a national benchmarking program specifically designed for real estate agents.

Real Business First is the first of its kind for agents across Australia. It's more than just a benchmarking exercise – it's an interactive program that shows you the impact to your profits as you adjust the levers in your business operations. By linking to your business accounting software you can instantly see how your business stacks up to your

REAL BUSINESS FIRST IS THE FIRST OF ITS KIND FOR AGENTS ACROSS AUSTRALIA... IT'S AN INTERACTIVE PROGRAM THAT SHOWS YOU THE IMPACT TO YOUR PROFITS AS YOU ADJUST THE LEVERS IN YOUR BUSINESS OPERATIONS.

competitors and model potential changes to increase your profits.

This essential real estate benchmarking tool will help you strengthen your business by discovering real business

improvement opportunities. It's like having your own personal business coach on your desktop, for just \$49.50 a month for REINSW members or \$69.50 for non-members (prices GST inc).

Key to the success of such an initiative is broad participation across the industry. This benchmarking tool is based upon a similar project developed for the car industry. Initially, car dealers had concerns about security and privacy. However these were overcome and the system has become an effective tool not only for business owners but for industry lobbyists negotiating on behalf of the industry with Government.

Real Business First will be launched on 26 February 2009.

To find out more go to www.reinsw.com.au and click on the Real Business First icon. ♦

IT'S LIKE HAVING YOUR OWN PERSONAL BUSINESS COACH ON YOUR DESKTOP.

How could your business improve?

Administration expenses

If you compared your agency to another agency of similar size in a similar market, you might make some surprising discoveries. Both agencies may be achieving the same number of listings, yet the other agency's annual profit is \$100,000 higher. What are they doing differently to you?

It may well be that the cost of running their business is lower.

YOU MAY HAVE TOO MANY SALES STAFF - OR TOO FEW. YOU MAY BE PAYING THEM TOO MUCH - OR NOT ENOUGH.

Administration expenses include:

- advertising;
- telephones and faxes;
- cleaning;
- travel;
- insurance;
- leasing charges;
- printing and stationery;
- computers; and
- repairs and maintenance.

How much do other agencies spend on these expenses? Do you spend more or less than the average agency?

By comparing to other agencies, you may even discover that the top agencies spend more on these costs than you do, yet manage to make

more profits! If you want to make a greater investment in some expenses, you will need to know where to cut costs elsewhere in your business.

Staffing costs

Your sales agents may work hard, yet another agency with fewer agents could be making better profits. How many listings should your agents target each month? What is the average sales commission that your staff make compared to agents in similar-sized businesses?

You may have too many sales staff – or too few. You may be paying your staff too much – or not enough, which could put you at risk of losing them to a competitor. Perhaps your staff need further training in new systems that could help them to achieve the same number of listings as the top agents.

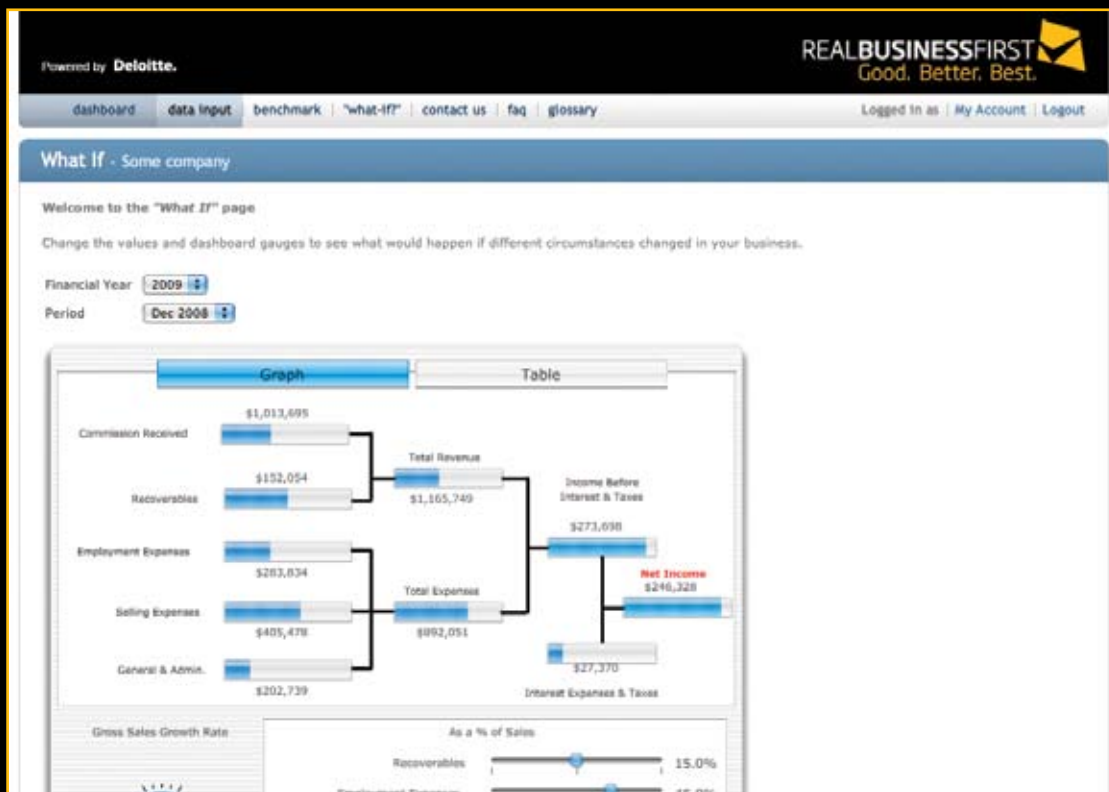
What about your administration staff? If you were to reduce your number of employees, how would this impact on your profits? On the one hand, you would save on salaries, but you may also lose the resources provided by those employees to help generate income.

With Real Business First, you can find out how many staff agencies usually have and then see the impact to your own profits if you were to add or reduce your number of employees.

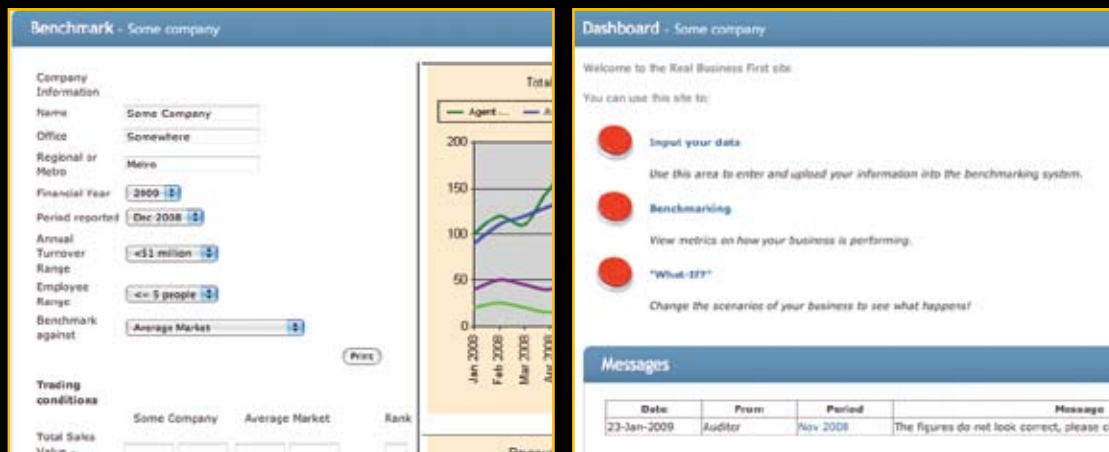
Trading conditions

Real Business First will let you see the average days on market for other agencies. You might be surprised to discover that some of the most successful agents are facing markets just as difficult as your area – yet they manage to make more profits in the end.

Real Business First will help take your business from good, to better, to best.



ABOVE: THE 'WHAT IF' TOOL ON REAL BUSINESS FIRST.
BELOW: THE 'BENCHMARK AND 'DASHBOARD' TOOLS ON REAL BUSINESS FIRST.'



Real Business First Facts

Does it really help to know how my business compares to others?

Yes, it's one of the best ways to determine whether your business is as efficient and profit-generating as it could be. Anything that helps you to improve your bottom line has to be a benefit!

Is it easy to install on my computer?

A set-up wizard will take you through the installation, which takes about 10 minutes. After that, you can access the Real Business First dashboard any time simply by logging onto the Real Business First portal.

Will I have to key in my data each month?

Once you have installed the program it will automatically retrieve your financial information for you to submit each month.

Will other agencies be able to see my accounts?

No. There is strict privacy on your figures so that no one else can tell that they came from you.

I'm a small agency in Sydney. Will I be comparing my figures to large metro offices in Melbourne?

You compare your business like-for-like with other agencies in your State, depending on your number of staff, revenue and whether you are regional or metro.

I'm not an accountant. Is there any point in knowing this stuff?

Yes! It's like having your own business advisor on your desktop. It will help you understand the financials of your business so you can efficiently cut costs and improve your bottom line. Real Business First accredited coaches will be available to help you maximise the potential of this program.

Pre-approvals easier for foreign investors



BY IAN HAZZARD

THE RUDD GOVERNMENT HAS REVISED THE FOREIGN INVESTMENT APPROVAL REQUIREMENTS FOR THE ACQUISITION OF RESIDENTIAL PROPERTY.

How the changes will affect developers

In many ways these announcements ease the regulatory requirements on foreign persons, particularly temporary Australian residents, to obtain approval to acquire residential land.

A significant change is the characterisation of accommodation

facilities such as hotels and resorts as commercial (rather than residential) land. This means the acquisition of such facilities, or individual units within them, valued at less than \$50 million (for non-heritage listed property) by foreign persons will not require Foreign Investment Review Board (FIRB) approval. For this exemption to apply, the unit or facility must retain its commercial (i.e. short term rental) character.

However, of particular relevance to property developers is that advanced, off the plan pre-approvals to sell up to 50% of the residences in a development to foreign persons will no longer be available. (Advanced, off the plan pre-approvals issued prior to 18 December 2008 will still apply.)

How these changes will affect temporary residents

Under the changes, temporary residents, which includes all foreign

persons living in Australia on a valid visa, will be able to buy:

- one second-hand dwelling to be their principal place of residence;
- any number of new dwellings (which now include any residential dwelling that has been rented out for less than 12 months); and

- single blocks of vacant residential land without prior approval from the FIRB. This also applies where the temporary resident acquires the property through their wholly owned trust or Australian incorporated company.

How these changes will affect other foreign persons

Other foreign persons will need prior approval for any acquisitions of interests in Australian urban land, however FIRB will usually grant approval for the acquisition of new dwellings off the plan, provided developers market both locally and overseas. Where approval is

IN MANY WAYS THESE ANNOUNCEMENTS EASE THE REGULATORY REQUIREMENTS ON FOREIGN PERSONS.

obtained by the foreign purchaser, there is no restriction on the number of units in a development that may be acquired by foreign persons.

These announcements take effect between 18 December 2008 (through policy changes) and early 2009 (where changes to the regulations are required).

Ian Hazzard is Partner in Property Development at law firm McCullough Robertson.

For more information, contact Ian Hazzard on (07) 3233 8976. ♦

Less red tape for home renovations

CHANGES TO THE NSW HOUSING CODE SHOULD SPEED UP DEVELOPMENT APPLICATION APPROVALS FOR HOUSING RENOVATIONS WHILE MAKING SOME MINOR IMPROVEMENTS EXEMPT FROM PLANNING APPROVALS ALTOGETHER.

The NSW Housing Code, which comes into force on 27 February, provides an alternative to the Development Application process, delivering a consistent set of standards across NSW.

This will have obvious benefits for the home builder and the housing industry, reducing red tape and compliance costs and slashing the time required for new home approvals.

The **complying development** provisions of the code state that if a

proposed dwelling or improvement meets the standards laid down, then a complying development certificate will be issued within 10 days – a massive saving compared to the current 75 day State average for a council determination on a DA.

Complying development certificates can be issued by accredited private certifiers or by the local council.

The Housing Industry Association has calculated that replacing DAs with complying development certificates and achieving a 10-day turnaround could result in savings of up to \$6,500 for a home builder in the metropolitan area and \$2,500 for regional areas.

Exempt development covers 41 types of minor improvements around

ACHIEVING A 10-DAY TURNAROUND COULD RESULT IN SAVINGS OF UP TO \$6,500 FOR A HOME BUILDER.

the home such as barbecues and skylights. If a proposed improvement meets the standards laid out in the code, there is no need to seek planning approval.

For some exempt development types however, approval may be required under other legislation, such as the *Roads Act*. Other factors such as the land-use zone in which your property is located and heritage and environmental

considerations may affect what can proceed as exempt development.

A thorough reading of the *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008* is essential before proceeding with your proposed work.

If your plans fall outside the development standards of the NSW Housing Code, the DA process remains available as an alternative method of planning approval.

Further details, including a detailed series of Fact Sheets on the NSW Housing Code, are available from the Department of Planning's website at www.planning.nsw.gov.au ♦

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That's confidence. That's  Aussie

LOCAL HEROES: Bidwill Blitz

CHRISTMAS CAME EARLY FOR THE ANSELL FAMILY LAST YEAR, THANKS TO THE EFFORTS OF A TEAM OF VOLUNTEERS WHO BUILT THEIR HOUSE IN JUST 12 DAYS.



Gary Ansell and his partner Terese Stuart had been sleeping in the garage of the small three bedroom home they shared with their four children. Thanks to Habitat for Humanity Australia, the family was able to spend Christmas in a brand new home at Bidwill in Sydney's north west.

Habitat for Humanity Australia is part of an international organisation that builds simple, decent and affordable homes in partnership with low income families. It's a 'hand up', not a 'hand out' for these families, who contribute 500 hours of 'sweat equity' to help build the house and those of other partner families.

Before receiving the keys to their new home on Saturday 29 November, the family also undertook training in basic home maintenance and household financial management to help them on their way to home ownership.

The Ansell family attended every day of the 'Bidwill Blitz', where a team of volunteers constructed the

IT'S A 'HAND UP', NOT A 'HAND OUT' FOR THESE FAMILIES WHO CONTRIBUTE 500 HOURS OF 'SWEAT EQUITY'.

house from scratch. On day one there was nothing but the concrete foundation; by day four the roof and walls were constructed; by day 12 the house was complete.

The volunteers included a mixture of qualified tradesmen and unskilled helpers. The project was also made possible by the support of key corporate sponsors, including real estate group LJ Hooker.

The Ansell family are one of eight families who will work in partnership with Habitat for Humanity Australia to build their new homes in Bidwill over the coming year. By the end of 2009, Habitat for Humanity will have helped over 100 families across Australia and over 400,000 more throughout the world. ♦



- 1 THE ANSELL FAMILY WITH LJ HOOKER MANAGING DIRECTOR WARREN MCCARTHY (CENTRE BACK)
- 2 JOURNAL EDITOR ROSLYN ALDERTON ATTENDED A DAY OF THE BIDWILL BLITZ.
- 3 DAY ONE - NOTHING BUT A CONCRETE BLOCK
- 4 DAY 12 - LAYING THE FINISHING TOUCHES



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A DIFFICULT ECONOMIC
CLIMATE TO REVIEW YOUR
MARKETING STRATEGIES.

JOURNAL EDITOR ROSLYN
ALDERTON SPOKE TO
ADVERTISING EXPERTS
ABOUT THE SECRETS TO
SUCCESSFUL MARKETING.

Think of a brand of toothpaste.
Now think of your favourite
chocolate biscuits.

Did you think of Colgate and
Tim Tams?

Brands have a powerful influence
on the purchasing decisions of
consumers. The stronger a brand, the
more likely that it will be top of mind
when a consumer comes to buying
that particular product or service.

"Someone going into a store will
probably walk straight by the other
brands of chocolate biscuits and
pick up their packet of Tim Tams,"
said Daren Poole from market
research company Millward Brown.

"Only if there's interruption by
another brand will they spend longer
than that split second [to make their
purchasing decision]."

Even a small independent real
estate agency can establish a
strong brand in their local area
if they use the right marketing
strategies. It's even more important
when times are tough. Many
companies are cutting back on their
marketing and advertising – creating
an ideal opportunity for savvy
businesses to build their brand and
beat the competition.

"Selling, general and administrative
costs such as marketing are prime
targets for cost-cutting," said





a recent report by the Harvard Business Review called *Seize Advantage in a Downturn*.

"As such, they can highlight the risks of purely reactive action: Companies that injudiciously slash marketing spending often find that they later must spend far more than they saved in order to recover from their prolonged absence from the media landscape."

So how do you take advantage of the current climate to boost your agency's brand?

Establish a brand personality
A brand is more than just your company's logo – it represents the

image that your company has in the market place.

"One of the most important areas in marketing today is to build trust," said Gawen Rudder, Manager of Business Services and Advice at the Advertising Federation of Australia. "Is it easier to build trust in a brand or in an individual? I think it's easier to trust a brand."

Mr Rudder questioned why many real estate agents put photographs of themselves in their marketing material.

"Is it just about ego? Or do they think that if you see a picture of them, you'll trust them? I don't think it's going to work that way."

Mr Rudder suggested that, from the point of view of the consumer, most real estate agents look more or less the same: a well-groomed person in a suit.

He said the marketing for real estate group LJ Hooker was successful because of the way it consistently captured the brand personality.

"Mr L.J. Hooker has been dead for a long time," Mr Rudder said. "People aren't interested in who he was. People are more interested in what the brand is."

But don't some companies feature a person successfully? Take, for

example, John Symonds as the face of Aussie Home Loans.

"It can work, if the brand is the person, but it tends to be more difficult," Mr Rudder said.

The same challenge was faced by Virgin Blue when the airline launched in 2000.

"Imagine if you are the advertising agency for Virgin Blue," Mr Rudder said. "You look up Virgin on the internet. What name would you find?"

He said there was a strong temptation to put Sir Richard Branson into the ads for the airline, but the advertising agency firmly resisted it.

“Sir Richard Branson supports the brand but is not the brand. People fly Virgin Blue, rather than Sir Richard Branson’s airline,” Mr Rudder said. “They have restricted him totally to PR. Any time that he comes out here, there will be a picture of him with a couple of beautiful hosties on his arm, but he has never been in an ad for Virgin Blue.”

In fact, the most recent television ad for Virgin Blue did not include an aeroplane or even pictures of exotic travel destinations. The ad used the concept of a trendy young man breaking out of a box on a store shelf with the catchy pop song ‘Get what you want’ playing in the background. The ad captured the tone and style of Virgin Blue’s brand: edgy, youthful and adventurous.

Translate that to your own advertising, such as the leaflets for your letterbox drops. Could you imagine promoting your agency without your own photo, and without mentioning anything about real estate, property or past sales results?

Daren Poole said that the world’s most powerful brands – such as Google, Coca Cola, Nokia, Apple and Louis Vitton – rarely describe what their product or service actually does.

“People have a strong understanding of what these products deliver,” Mr Poole said. “The manufacturers rarely talk about what the products actually do. [Their marketing] is all about reinforcing why you like the brand.”

Mr Rudder suggested that real estate agencies do some simple research to find out what people in their area currently think their brand stands for.

“Say you are researching the new Ford Mondeo,” Mr Rudder said. “Very often in research groups they would say ‘When Ford Falcon comes to mind, what do you think of?’ Or ‘If the Ford Mondeo was a person, who would it be? If the Ford Mondeo was a country, what

COULD YOU IMAGINE PROMOTING YOUR AGENCY WITHOUT YOUR OWN PHOTO, AND WITHOUT MENTIONING ANYTHING ABOUT REAL ESTATE, PROPERTY OR PAST SALES RESULTS?

would it be? If it was a food, what would it be?’ The brand personality comes through.”

Understand consumer behaviour

A key reason that brand personality is so important is that purchasing decisions are often emotionally-driven.

Some home owners might spend weeks researching their local agents, looking at recent sales, determining the level of service they might expect, comparing commission rates – coming to a rational and logical conclusion. Others will simply call the first agent that comes to mind. Others might list with the agent recommended by their friend or neighbour. Others will simply list with the first agent that calls them back!

You can give your agency the best possible chance of achieving a listing by ensuring you have a strong and established brand.

Mr Poole used the example of an everyday product such as cooking sauce.

“Say I’m going to make a shepherd’s pie,” he said. “How does my decision work when I’m in the supermarket? Some people will be loyal to Continental, some to Maggi. People like me, I will just go to any brand. ‘There’s one, I’ll take it.’ Or ‘that one looks nicer, or that one’s cheaper. I will take that instead.’”

He said it was possible that – through clever and consistent



marketing – companies could give their brand a better chance of being chosen in that split second at the supermarket shelf, in the same way that real estate agencies could improve their chances of being chosen for a listing.

“Our advice is that there needs to be some brand building activity so that the company is not just relying on that activation [at the point of purchase]. You need to create demand,” he said.

“It’s all the points between the advertising and the point of purchase. The consumer hears the ad, talks to a friend, sees an ad at the bus stop, sees an ad on the floor at Woolies, sees a ‘buy one get one free’ offer on the shelf.”

YOU CAN GIVE YOUR AGENCY THE BEST POSSIBLE CHANCE OF ACHIEVING A LISTING BY ENSURING YOU HAVE A STRONG AND ESTABLISHED BRAND.

Mr Poole said a common misconception was that advertising needed to have immediate results from consumers. He suggested that real estate agencies take a similar to approach to car companies.

“How many times have you seen a car ad in the last month, cars driving

through the desert or a city street, and yet how often do you buy a car?" he said.

"Some people will have a car for five or 10 years. When it comes to the point where they decide to buy a new car, all those long-term advertising memories will come to the fore again.

"Talk to anyone in Europe about what Volvo means and they will say 'safety'. The point that will be relevant to me is when I have children and I will think of Volvo. That could be 20 years after first seeing a Volvo ad."

Target your marketing

The most successful brands know how to establish an emotional connection with consumers. Yet not all consumers are the same. Good marketing taps into those different types of people.

Mr Poole said targeted marketing is more sophisticated than simply breaking down people into age categories or based on where they live.

"If you think about an internet brand, you might think you have to find a young audience," he said. "My Mum surfs the net more than I do!"

Market research categorises consumers by similar attitudes, beliefs and behaviours. Are they 'up and coming' with their lifestyle? What do they do on the weekends? Most importantly, what sort of media do they use?

Mr Rudder said that businesses needed to be smarter about the way they try to reach consumers.

"A lot of advertising tends to market to what was previously called the 'mass market'," he said. "Today there's no mass market. Today there's a messy market."

He suggested that instead of doing 'mass market' letter box drops, real estate businesses should think about the types of sellers and buyers they seek and reach them more selectively. For example, agencies could place advertisements in industry magazines or put banner ads on specific websites.

Mr Poole noted that banner ads should be treated the same way as television or radio advertising. "Click-through has never been the right metric. It's all about the brand image it can build."

CONTINUED PAGE 19

REAL LONG TERM REWARDS

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CASE STUDY:

Delmege Residential

Ask anyone on Sydney's Northern Beaches if they have ever heard of Delmege and the likely response will be: "Isn't that the company that sponsors the Manly Sea Eagles?"

The independent property group has established a strong local brand through sponsorships of the local rugby league team and other sporting groups, as well as targeted marketing in the local press.

"Not many people won't know who we are in this local area," said Nik Vuko, Principal of Delmege Residential.

"The name has been synonymous with real estate for quite some time in the area. We have really built our brand locally."

The agency was first established in the 1960s by Max Delmege, who now focuses on running Delmege Commercial. Max is a well-known local identity who has personally invested large sums of money in the Northern Eagles, who have the Delmege logo on their jerseys.

"In winter, not a week goes by when there's not a player on the back page of the newspaper with the Delmege logo," Nik said.

The property group also sponsors other sporting clubs where their kids play, including touch football and soccer teams. Nik recently paid to include the Delmege logo on a fridge calendar handed out to a soccer club.

"There are 1,400 soccer players whose mums and dads will have this on their fridge," he said. "At \$700, it's cheap."

Nik and his business partner Jack Elsegood bought Delmege Residential in 2004 and have since expanded from one office to four.

Jack's background was in property development, while Nik came into the industry following 16 years working with General Motors in their corporate office.



JACK ELSEGOOD
AND NIK VUKO

"In the main, I was working with dealers, helping them run their businesses, helping with sales and marketing, profitability and training," he said.

Nik has brought his business skills to Delmege, with a strong focus on financial management and brand awareness.

He described the Delmege brand 'personality' as being "energetic and enthusiastic". The brand is also strongly connected to the local area.

"[The Northern Beaches] has a very relaxed lifestyle," he said. "People are sophisticated in their outlook. In general terms, it's a white collar, not a blue collar, area. People are savvy. A lot of very successful people live out here. They don't like having things shoved in their faces."

Delmege re-launched their website last year, which features scenic photographs of beaches in the local area.

"I'm trying to move into more internet-based marketing," Nik said. "The *Manly Daily* is a bible out here, but it's very expensive."

Nik has tracked inquiries to the agency, finding that the *Manly Daily* and the internet are each the source of approximately 30% of inquiries. "It would have been 40/20 a year ago," he said.

In order to help prepare the agency's marketing plans, Nik has trained his sales staff to ensure that vendor paid advertising is sourced upfront. This also helps to maintain cash flow in the business.

"No matter what business you are running – real estate, a car yard, a dress shop, whatever – your cash flow is your number one priority," he said.

He also maintains a strict minimum fee level and will walk away from listings if a vendor will not negotiate an acceptable commission.

"I know the break even points," he said. "In order to be viable in the long term, you need to be at least that [level]. The difference between 2% and 2.5% is your profit."

Currently the four office locations represent a single business, with centralised marketing and accounts.

"IN WINTER, NOT A WEEK GOES BY WHEN THERE'S NOT A PLAYER ON THE BACK PAGE OF THE NEWSPAPER WITH THE DELMEGE LOGO."

Nik has spent the past two years developing a business plan that will turn Delmege Residential into a franchise. The plan includes systems and procedures that would need to be followed, based on the agency's current operations.

"A lot of this stuff is about being compliant," Nik said. "It's also about protecting the brand. It's about maintaining consistency. That's a real challenge for anyone that's looking to expand."

This sophisticated approach to brand awareness and business management has paid off. Despite the downturn in the property market, Delmege Residential recently celebrated its most successful month, with 16 properties exchanged in December – almost double their usual monthly result.

Make your marketing effective

No matter how much thought you put into creating your brand personality or targeting your advertising, it's not going to work if your marketing material is boring.

"An ad has to engage you," Mr Poole said. "It's not just about making you look at it. It's making you react with it. We call that impact. The second element is whether it gets into the long term memory. If only I had a dollar for every time someone has come up to me at a party and said 'I saw that brilliant ad, but I can't remember what it's for!'"

He said the 'creative magnifier' needed to link with the brand. "The part that you remember – that bit should be linked to the brand and the intended communication. Few brands do that."

"IT'S NO LONGER A CASE OF 'LOGO' AWARENESS IN THE MARKET PLACE ... IT'S MORE ABOUT WHAT IS BEHIND THE BRAND."

An example of the creative magnifier working successfully was a television ad for St George Bank, where a man is asked at a barbecue 'So what do you do?'. He replies 'I'm a banker.' All conversation stops, everyone horrified, until he adds: 'It's okay, I'm with St George.'

Or, for example, a certain controversial television ad for an alcoholic beverage, featuring a bartender with very large breasts and the brand name emblazoned across

her shirt. Regardless of individual opinions about the merits of the ad, it was clearly aimed at a specific target market and the creative magnifier involved the brand name.

Other people may remember a beer ad that involved a tongue going on its own journey to a party, but which brand of beer was it for?

Seize the opportunity

Be inspired by other successful advertising campaigns! Take advantage of the opportunities presented by a tougher market to build your brand.

"The opportunity for creating strong brand awareness for progressive agencies has never been better," said John Cunningham from Cunninghams Property, and head of the REINSW Board's Marketing Committee.

"With the advent of online marketing, agencies now have unlimited scope on how to promote their brand image to both broad and targeted markets.

"It's no longer a case of 'logo' awareness in the market place ... It's more about what is behind the brand, what do people think when they see or hear about your brand and have you been able to articulate that sufficiently for them to understand your message? Research and find out so you know where your energies and financial commitment are best spent."

Stuck for ideas? REINSW has a number of marketing checklists available exclusively to members. To find out more visit the Member Centre at www.reinsw.com.au. ♦

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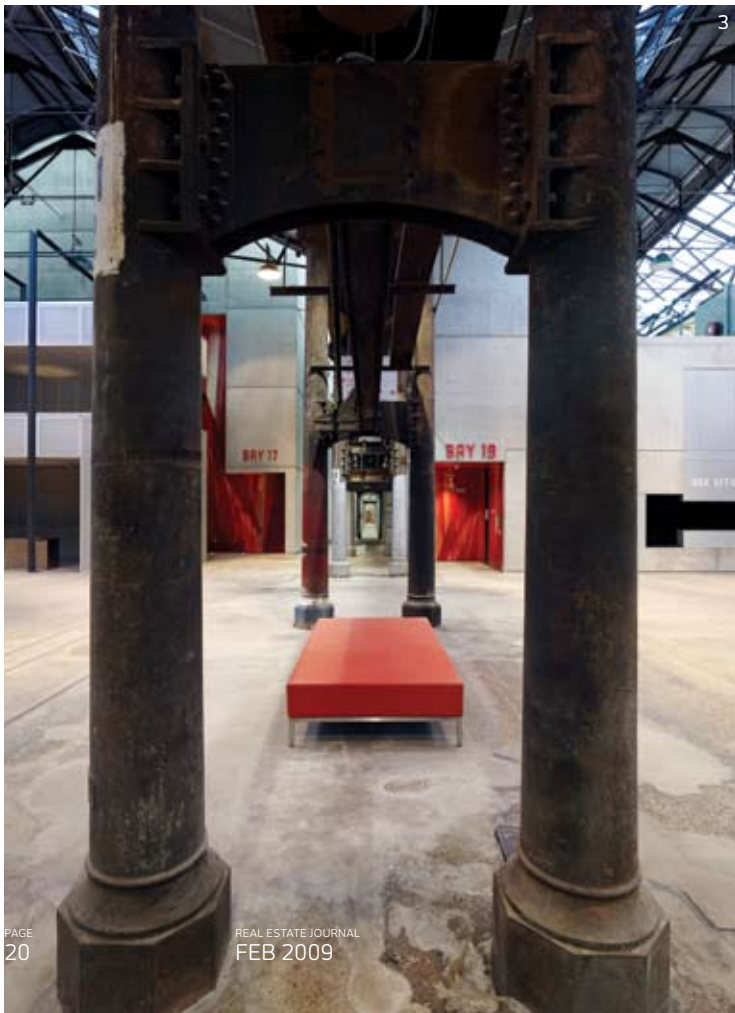
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DESIGN:

National Architecture Awards

MORE THAN 700 PROJECTS VIED FOR THE AWARDS HOSTED ANNUALLY BY THE AUSTRALIAN INSTITUTE OF ARCHITECTS. OF THESE, 22 PROJECTS RECEIVED AWARDS AND A FURTHER NINE RECEIVED COMMENDATIONS.

HERE ARE SOME OF THE 2008 WINNERS.



1 THE WALTER BURLEY GRIFFIN AWARD FOR URBAN DESIGN

ROUSE HILL TOWN CENTRE –
BY RICE DAUBNEY, ALLEN
JACK+COTTIER, GROUP GSA

PHOTOGRAPHER: ROWAN TURNER

2 SIR ZELMAN COWEN AWARD FOR PUBLIC ARCHITECTURE

THE TOP ARCHITECTURE AWARD
IN AUSTRALIA. THIS WENT TO THE
CHERRELL HIRST CREATIVE LEARNING
CENTRE AT BRISBANE GIRLS GRAMMAR
SCHOOL BY M3ARCHITECTURE

PHOTOGRAPHER: JON LINKINS

3 THE LACHLAN MACQUARIE AWARD FOR HERITAGE

CARRIAGEWORKS AT EVELEIGH –
BY TONKIN ZULAIKHA GREER

PHOTOGRAPHER: MICHAEL NICHOLSON

4 NATIONAL COMMENDATION FOR INTERIOR ARCHITECTURE

DARLING POINT APARTMENT II –
BY STANIC HARDING

PHOTOGRAPHER: PAUL GOSNEY

5 NATIONAL AWARD FOR PUBLIC ARCHITECTURE

ALBURY LIBRARY MUSEUM –
BY ARM

PHOTOGRAPHER: JOHN GOLLINGS

6 NATIONAL ARCHITECTURE AWARD FOR RESIDENTIAL ARCHITECTURE – HOUSES

LEURA HOUSE –
BY JAMES STOCKWELL ARCHITECT

PHOTOGRAPHER: PATRICK BINGHAM-HALL



REINSW Training Calendar

MARCH/APRIL 2009

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKEND
2 MAR REINSW Awards for Excellence 2009 Entries Open	CENTRAL COAST Auctioneers Forum	4	5	6	7/8
	PENRITH Recession Proof Business Strategies	SYDNEY Licensing Course (Real Estate) F/T			
SYDNEY Course in Property Practice F/T (starts)	PENRITH Experienced Agents Licensing Course				
SYDNEY Experienced Agents Licensing Course	SYDNEY Recession Proof Business Strategies				
16	17	18	19	20	21/22
SYDNEY Course in Property Practice F/T (starts)	SYDNEY Valuers Forum	SYDNEY Conduct Property Sale By Auction (4 days)	ORANGE Property Management Forum		
CANBERRA Course in Property Practice F/T (starts)		REINSW CPD CONFERENCE			
30	31	1 APR	2	3	4/5
SYDNEY Course in Property Practice F/T (starts)	SYDNEY Recession Proof Business Strategies				
13 Easter Monday	14	15	16	17	18/19
		REINSW CPD CONFERENCE		BATHURST Recession Proof Business Strategies	
				BATHURST Experienced Agents Licensing Course	
27	28	29	30		
SYDNEY Course in Property Practice F/T (starts)	GOSFORD Recession Proof Business Strategies				
	GOSFORD Experienced Agents Licensing Course				
	SYDNEY Recession Proof Business Strategies				



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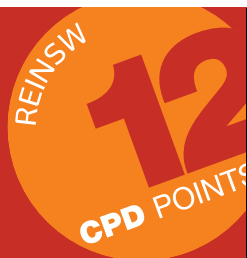
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*Must be from the same office, attending the same course on the same day



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MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKEND
9	10	11	12	13	14/15
GOULBURN Protect your Business	WAGGA WAGGA Protect your Business	SYDNEY Licensing Course (Real Estate) F/T	WOLLONGONG Business Relationship Intelligence		
SYDNEY Course in Property Practice F/T (starts)	SYDNEY Business Relationship Intelligence	GRIFFITH Protect your Business	WOLLONGONG Experienced Agents Licensing Course		
			COWRA Protect your Business		
23	24	25	26	27	28/29
SYDNEY Course in Property Practice F/T (starts)	SYDNEY Talent Management - Knowing how to retain key personnel	BALLINA Recession Proof Business Strategies	CANBERRA Business Relationship Intelligence	SYDNEY Experienced Agents Licensing Course	
SYDNEY The Keys to Successful Property Management (starts)	TWEED HEADS Recession Proof Business Strategies	BALLINA Experienced Agents Licensing Course			
	TWEED HEADS Experienced Agents Licensing Course				
6	7	8	9	10 Good Friday	11/12 Easter
SYDNEY Experienced Agents Licensing Course	SYDNEY Be the best – Profile Building				
20	21	22	23	24	25/26
SYDNEY Course in Property Practice F/T (starts)	SYDNEY Setting up your agency – take the next big step		MILDURA Recession Proof Business Strategies		
			MILDURA Experienced Agents Licensing Course		

- CPD Workshops (Sydney metro) \$199/\$245
- CPD Workshops (Regional) \$199/\$245
- Course in Property Practice start dates (full and part time as noted) \$510/\$645
- Experienced Agents Licensing Course (available in business \$999/\$1499, real estate \$1499/\$1999 and stock & station \$2499/\$2999 categories)
- Licensing Course (Real Estate) full time \$3370/\$4225
- Forums \$25/\$50
- Conduct Property Sale by Auction \$599/\$699

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- 6 hour workshops are delivered under Learning Category 2

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IAN CAMERON HAS BEEN PRO-ACTIVE IN HIS RESPONSE TO CHANGED MARKET CONDITIONS BY RESTRUCTURING HIS BUSINESS.

Ian Cameron from Camerons Real Estate believes he can increase profits in his NSW Southern Highlands business by 20% to 30% without any extra listings.

Sounds impossible? Not to Ian, who recognises the importance of being a good business manager as well as a good salesman.

He recently merged two office locations into one, which involved the unusual decision to close an office that had been in Mittagong for nearly 18 years. The office has moved to a newer office at Hill Top.

"Five years ago I opened an office in the northern villages of the highlands, which used to be a cheaper area," Ian said. "I opened an office there contrary to everybody's predictions that it would be hopeless and I would go broke. It's just gone from strength to strength."

While other agents might have decided to continue in a well-established office location, Ian found that it was a better financial decision to close it.

For starters, the Hill Top office is located in an area that is popular among entry-level buyers, which will benefit from the increased first home buyers grant. It is also within



commuting distance to Sydney, allowing young families and workers to travel to a job in the Sydney suburbs while still living in the attractive Southern Highlands.

In addition, Ian had always monitored where buyer inquiry had come from and discovered that in the past six months, inquiries were increasingly coming from the internet.

"People don't walk into real estate offices any more, certainly not to the extent that they used to," Ian said. "I find that the people that walk through the door tend to be time wasters anyway. The people coming over the net tend to be more genuine buyers."

The closure of the Mittagong office – which took place over the Christmas break – has meant immediate cost savings in rent, telephone systems and electricity. Ian found that he was able to maintain all his staff except for a part-time receptionist.

He now intends to re-invest some of the cost savings into an overhaul of his website (which is nearly complete) as well as a new approach to marketing that will involve a heavier focus on the internet.

"Sales had slowed. Our costs were forever increasing. I could see what was and what is going to happen as far as internet as well. It was a cheap marketing tool three years ago. It's becoming increasingly expensive. There's not enough room in the market for expensive online and print media. Agents can't afford to do both.

"We are finding we still have to do print advertising but not to the extent that we did before. We're scaling back on print media. Where we were doing two small ads, now we can combine the cost of both those ads to do one bigger and better ad.

"It's diversifying. I will be spending the same amount of money [on marketing], just in different areas."

"I opened an office contrary to everybody's predictions that I would go broke. It's just gone from strength to strength."

He had previously considered membership of REINSW a discretionary cost to his business but he has since re-joined, which has the added benefit of a 10% discount for subscriptions to realestate.com.au and realcommercial.com.au.

Ian is also updating his office equipment to ensure that his agency keeps up with technology, despite the economic slowdown.

"There was certainly a cost involved in doing it," he said. "In this day and age, you have to be backed up by technology. The days of running out a black and white A4 piece of paper and sticking it in someone's letter box are over."

While Cameron's Real Estate has taken some upfront costs with the office closure and new equipment, Ian believes the changes will pay for themselves through cost savings in a short period of time – and have re-positioned the agency to take advantage of the current market opportunities. ♦

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Pub industry sobers up

COM MER CIAL

BY ROSLYN ALDERTON

A SHARP DECLINE IN PRICES IN THE HOTEL INDUSTRY HAS OPENED THE DOORS FOR INDIVIDUAL PUBLICANS TO OWN AND MANAGE LOCAL PUBS ONCE AGAIN.

Bankers and investors went on a hotels binge and are now suffering from the hangover.

"There has been a dramatic decline in values over the last 12 months both in the pubs themselves and the value of the poker machine entitlements," said Jack Bournelis, Partner in accounting firm PPB in charge of the hospitality, tourism and leisure division.

Hotel prices have reportedly dropped by up to 40% from their peak. More than 150 NSW pubs are in default of their loans and the big banks have an exposure of more than \$7 billion, according to the *Sydney Morning Herald*.

The market has suffered a double-hit from the global economic crisis and the impact of smoking bans.

"The statistics show that for the financial year ended 30 June, hotels were down 15% in terms of gaming revenue," Mr Bournelis said.

"Those hotels that don't have outdoor smoking areas have been more severely impacted than those that have.

"A lot of those hotels were bought during the peak period three years ago. They had inflated prices. They

are highly geared. With the decline in revenue, it's really put a lot of pressure on owners to make the repayments on the loans."

Michael Thomson, National Director Hotels and Leisure at Colliers, said a survey by his firm of NSW pub owners last year found that respondents had typically suffered a 5% to 10% fall in gaming revenue.

"On a more positive note, respondents had experienced growth in alcohol and food sales," Mr Thomson said.

"However clearly the ban is hurting pub owners and we understand 300 NSW pubs in 2008 applied to defer payout of \$18.6 million of tax on gaming and machine revenue. A hardship scheme that was only available to registered clubs suffering more than a 15% downturn in poker machine revenue was extended to pubs in September. We understand the Office of Liquor, Gaming and Racing has approved 241 of the pubs' deferral applications."

Credit had been easily obtainable, with banks lending 80% to 90% of the purchase price. Large pub conglomerates were formed, such as Hedley Leisure and Gaming Property Fund, the Woolworths-owned Australian Hospitality and Leisure, National Leisure and Gaming, and ING Real Estate Entertainment Fund. Many funds listed on the share market and have since seen their share prices



plummet, as investors had expected higher capitalisation rates than the hotels managed to achieve.

Marie Tinning from hotel brokers Chris Tinning and Company in Wagga Wagga said that traditionally banks would only lend 50% of the purchase price of a pub.

"It was banks lending too much money – not being clever enough and careful enough as they had been in the past," Ms Tinning said. "They were groups of businessmen in Sydney thinking they could buy a hotel and run it by remote control, knowing nothing about how a hotel runs."

Ms Tinning said that in many cases there was nothing fundamentally wrong with the pubs themselves, however the industry was now suffering from a lack of buyers.

"THEY WERE GROUPS OF BUSINESSMEN IN SYDNEY THINKING THEY COULD BUY A HOTEL AND RUN IT BY REMOTE CONTROL."

She said it was a good opportunity for people who might have always had a "hankering" to run a pub to join the industry, so long as they were able to provide up to 50% of the purchase price and were willing to work hard.

"As some of these receivership sales start, as long as you know your values, some of those are very good buys," she said.

With the re-pricing of risk associated with pubs, banks are less willing to



provide credit to purchasers, but Ms Tinning said that owner-occupiers with a leasehold arrangement could still secure a good deal.

"We find that the regional managers of the banking systems are the best ones to go to," she said. "Go to somebody who understands the hotel industry. Certainly if you go to a reputable [hotel] broker, usually they can point you to people that have assisted them in finance."

Mr Bournelis said new owners usually seek to improve a pub, which would ultimately be good for patrons.

"It's going to force management to try new things and improve facilities," he said. "It's back to the old days with the publicans as the owner/occupiers."

What makes a good pub investment?

- Good location for its target market
- Potential to create additional value by refurbishing or repositioning product
- Limited immediate competition
- Adequate outdoor areas for smokers
- High quality food and bistro facilities
- Good entertainment areas
- Good physical layout and therefore easy to maintain and operate

Case study: At the local

Like many typical 24-year-olds, Chris Egan likes to spend time with his mates at his local pub. But in Chris's case, he owns the pub.

"I worked in various pubs for a few years, travelled a bit, came back and realised that this was something that I wanted to do," he said.

"Rather than work for someone else, I thought I would take a risk. Jump in the deep end."

He spoke to a number of agents, one of whom approached the owners of The Duke of Kent Hotel in Wagga Wagga. By chance, the owners were looking to move on.

Chris's father helped to finance the purchase, with approximately 30% borrowed from a bank.

Chris said he could see the potential for higher future earnings in the hotel, which lacks outdoor smoking areas. He is currently waiting for the council to approve a Development Application for his renovation plans.

"We're looking at putting a verandah on the front of the hotel, an alfresco dining area and a beer garden out the back," Chris said.

He has also enhanced the entertainment options and has become more closely involved in the local community.

"Wagga people are a bit spoilt for choice," Chris said. "We try to

"RATHER THAN WORK FOR SOMEONE ELSE, I THOUGHT I WOULD TAKE A RISK. JUMP IN THE DEEP END."

focus on being local. There's that many hotels in Wagga that are part of syndicates or bank-owned. It takes the personal side out of it, a bit. If one hotel [in a syndicate] is making money, the others can run at a loss."

He said the money that patrons spent at his hotel would stay within the area, rather than going into the pockets of city-based investors.

"We try to put the money into the facilities and the surroundings," he said. "We try to use as many local contractors – electricians, plumbers – as we can. With our renovations we plan on using a local builder."

Chris said that owning the pub had been a personally satisfying experience, but it was also a 24/7 job.

"Even when you knock off you have to pull up and talk to people," he said. "You are working when you are not working, a lot of the time."

His hard work has recently paid off in an unexpected way – Chris was awarded the Australian Hotels Association's Young Achiever of the Year for 2008. ♦

Shopping around



RETAIL PROPERTY MANAGERS AND OWNERS CAN EXPECT SLOWER RENTAL GROWTH IN 2009 AS CONSUMERS CUT BACK ON DISCRETIONARY SPENDING.

When retail identity Gerry Harvey starts to close down stores, you know it's time to worry.

He recently described the economic downturn as the worst he had seen in 47 years of business, forcing him to close the Domayne Campbelltown store with the loss of 40 jobs.

"I've been doing exactly what [Prime Minister Kevin] Rudd wants me to do and I can't keep doing it indefinitely ... crunch time is coming," Mr Harvey said.

His comments came as Australia's largest discount retailer collapsed with debts of almost \$100 million, leaving 2,700 full-time staff facing an uncertain future at stores including Crazy Clarks, Go Lo and Sams Warehouse.

David Rees, Head of Research at Jones Lang LaSalle, said consumers were changing their

spending habits to adjust to the economic uncertainty.

"Overall, retail turnover growth has slowed," Mr Rees told the *Journal*. "There has been a shift in what people are spending their money on. People are spending less on discretionary things like cafes and restaurants, but they seem to be spending more on other things such as food. They are probably buying their own food instead of going to a restaurant."

"OVERALL RETAIL RENTS ARE LIKELY TO DECREASE AND RETAIL OWNERS WILL SEE LESS RETURNS AS TURNOVER-BASED RENTS WILL REDUCE."

As a result, property managers could find it harder to increase rents this year.

"Overall retail rents are likely to decrease and retail owners will see

Sectors likely to be impacted

- Household goods
- Clothing
- Department stores
- Manufacturing
- Automotive products

Sectors likely to do well

- Grocery stores
- Funeral parlours
- Pharmacies
- Mobile phone stores
- Home renovations

less returns as turnover-based rents will reduce," said Vanessa Rader, National Research Director at LandMark White.

Ms Rader expected to see more incentives offered to attract new tenants, especially for specialty stores, which are likely to suffer the most.

"Location will again be key to keeping tenants and yields," she said. "Better located centres with good local demographics will be somewhat sheltered from value declines."

Mr Rees said he expected rents would continue to grow in some areas, albeit at a slower pace.

"It seems to be the case that some retailers are doing quite well," he

said. "It's not an entirely bleak picture. It will depend on how much competition you have got and your demographics. Are your customers predominantly retirees or first home buyers or young families? [Rental growth] will be area-specific."

He encouraged retail property professionals to look through sensational media headlines and examine the facts.

"I think [the economic downturn] can be overstated," he said. "So far, this slowdown in retail turnover doesn't look very different from previous ones. It's a cyclical business and this is part of the cycle. It doesn't look qualitatively different from previous cycles." ♦



Michael Crowder, Richard Wraith and Matt Nichols

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ASL briefing dates for 2009

Sydney	5 March	4 June
Melbourne	17 March	2 June
Brisbane	1 April	28 July

Checking tenancy applications



BY GARY TRIGANZA

Your valued client sits across from you with a sour look. Their nest egg and residential property has been destroyed by tenants. Rent owing, the bond nowhere near enough to recoup the massive financial losses. A mortgage desperately needing rent money to stay afloat, a banker not accepting any excuses for late payment. No landlords insurance – they trusted you. Their accusation: you should have known from the tenant's application for tenancy that this person would spell trouble.

This could well be a realistic scenario when a tenancy for application has not been properly checked. It could also be a cause for litigation against your agency. How do you ensure that a tenancy application has been properly checked, giving your client the best opportunity of selecting suitable applicants?

Here's what to do:

- Always tell applicants that they need to provide as much information as possible for the owners to assess their suitability as a potential tenant. The owners need to know that the applicant can afford to pay the rent each and every time, they will not be late in their payments and that the applicant will maintain the condition of the rental property. By obtaining the maximum amount of information, the easier it is to ascertain an applicant's candidacy.
- Always request tenancy ledgers. This gives a clear indication of an applicant's ability to pay their rent and whether they pay their rent in advance or in arrears. When asking for a tenancy ledger, you must adhere to the Privacy Act as we have access to sensitive information and provide a copy



MAKE SURE YOU HAVE SELECTED THE MOST SUITABLE TENANT BEFORE HANDING OVER THE KEY.

of the applicant's approval to submit their ledger to others. If you have been asked for a tenant's ledger, only give this information with the applicant's signed request.

- Always verify and confirm written references. Written references are always good to have, but their authenticity must be confirmed, particularly from employers. Always check the number of hours on average the tenant works in a week and whether they are off probation. Confirm written references from private owners and ascertain if the referee is legitimate or just a friend of an applicant trying to help them out.

- For non-local residents, always obtain a copy of their passport (photo page) and also request that they supply a copy of their visa for your records. You need to confirm that an applicant is able to stay in the country for at least the initial term of the lease agreement. It is also vital to understand what visa classification they are entitled to stay in the country. For instance, if an applicant has a student visa, then they will need to be enrolled as a student. In this instance request a copy of their confirmation of enrolment forms. If an applicant has a work-sponsored visa, then you will need to verify with the employer that they are actually employed

THE OWNERS NEED TO KNOW THAT THE APPLICANT CAN AFFORD TO PAY THE RENT EACH AND EVERY TIME, THEY WILL NOT BE LATE IN THEIR PAYMENTS AND THAT THE APPLICANT WILL MAINTAIN THE CONDITION OF THE RENTAL PROPERTY.

and that the employer is aware that they are the visa sponsor.

- Always obtain signed photo ID and install a system whereby each applicant must submit certain information (invoices, proof of income, birth certificate, passport). You would need similar information to open a bank account.
- For applicants who currently own property, always request a current Council rate to confirm ownership. If it is a rental investment property, ascertain if that investment is generating any additional income.
- Be highly suspicious of private landlords with mobile phone numbers. This could be a friend of the applicant. Always best to check on a program such as RP Data to ascertain if that owner is really an owner. Also try and obtain rent receipts or a rental ledger in these situations.
- Never process an application for tenancy unless it has been signed

by the applicant or all of the applicants. Sounds simple, but you will be surprised how quickly a simple error is made. It's best to have a procedure via a checklist of all the things you're looking for prior to the commencement of reference verification.

- On your application form, always have a Next of Kin requesting a person's name, phone numbers and emails. This must not be the name and details of another applicant (you will already have their tenancy application). This helps in the event that you suspect an abandoned property and gives you a contact who knows the applicant but is removed from their tenancy.
- If the applicant has a pet that will remain on the property, always find out the breed of the pet. If your owner consents to the pet, always have them sign a letter confirming that they were made aware of the pet prior to the commencement of

their tenancy. With regards to the applicant, always insert a special condition that the tenant agrees to professionally fumigate the property at the completion of their tenancy.

THE ROLE OF VERIFYING REFERENCES AND TENANT SELECTION IS VITAL TO PROPERTY MANAGEMENT.

- Another useful tool is a tenancy database. Provided that it is a national database, this will be able to inform you if a tenant has defaulted in the past or not.

Even if a tenant presents well, you cannot always prevent problems further down the track – sometimes a tenant's circumstances change, a relationship breaks down, they lose their job or for many other

reasons do not turn out to be the ideal tenant that they seemed to be. If this happens, you can at least demonstrate that you did all you could at the beginning of the tenancy.

The role of verifying references and tenant selection is vital to property management. Good property management begins with tenant selection. Make sure that your client who is sitting across the table from you does not have the sour look from my example. Make sure your client is so pleased with your management of their investment that they would trust you with their other investments too and will refer you to other people.

Gary Triganza is a Senior Property Manager working at Kelly & Sons Real Estate in Newtown. He has been a Property Manager for over 12 years and is a member of the REINSW Property Management Chapter. ♦

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Budget holidays good for business



BY JUSTIN BUTTERWORTH

FOR SOME HOLIDAY AGENTS, THE SOFTENING DOMESTIC AND GLOBAL ECONOMIES COULD CREATE IDEAL CONDITIONS IN WHICH TO GROW THEIR BUSINESS.

The job uncertainty cloud hangs over the heads of many, however there are also several significant positive factors.

First, the 25% depreciation of the Australian dollar to the USD has a double positive effect of deterring domestic families from travelling overseas as well as attracting overseas visitors.

Secondly, falling petrol prices and reduced family budgets will encourage more regional travel, typically within three hours' drive from home. The lower cost of holiday rentals compared to hotel stays, in general, provides an attractive option for accommodation.

Third, the growing market share of holiday rentals compared with other accommodation means leading agents are able to implement these winning strategies and succeed:

- adjust rental rates to maintain relative competitiveness and maintain occupancy, rather than



PHOTO COURTESY OF TEA GARDENS REAL ESTATE.

FALLING PETROL PRICES AND REDUCED FAMILY BUDGETS WILL ENCOURAGE MORE REGIONAL TRAVEL, TYPICALLY WITHIN THREE HOURS' DRIVE FROM HOME.

learning the slow lesson through sustained vacancy;

- adapt your marketing messages to incorporate and emphasise value propositions over luxury, and develop advance bookings;

- invest in websites to reduce the costs of handling enquiries and administering bookings, particularly with availability and pricing online;
- work with owners to improve the presentation of the property online with quality photos and detailed descriptions;
- boost margins and total fee revenue per property by efficiently offering ancillary services such as cot hire; and
- critically review the return on investment of distribution channels with the objective of controlling advertising costs.

Email marketing, listing on specialty holiday rental websites and search engine optimisation of agent's websites for Google are the three key online initiatives.

With analysis and planning, your holiday rental business can thrive in soft economic times as well as generate more sales and permanent rental activity for your agency.

Justin Butterworth is founder of www.rent-a-home.com.au and is Chair of the REINSW Holiday and Short Term Rentals Chapter. Individual REINSW members can join the Chapter for free. Visit www.reinsw.com.au or call (02) 9264 2343. ♦

Making a Splash

REI HOUSE IS SET TO UNDERGO SOME EXCITING REFURBISHMENTS IN 2009, INCLUDING THE INSTALLATION OF NEW DIGITAL SCREENS PROVIDED BY SPLASH DISPLAYS.

REINSW is pleased to announce a new partnership with Splash Displays, the leading provider of window display technology in NSW.

"With the refurbishment of our Sydney offices, we wanted to include the latest, most impressive digital screens," said Tim McKibbin, CEO of REINSW.

"Splash are at the cutting edge of digital technology. Their screens are sophisticated and stylish, while the software behind the displays is easy to use.

"I am confident that the new digital screens will deliver maximum impact."

Features of Splash displays include:

- the only Display Solution that is tightly tailored to your brand with impressive animations;
- the brightest screens, resistant to heat from the strong Australian sun;
- highest quality shop fitting by Splash Design Team;
- full motion video with sound in your window; and
- unmatched attentive service and support.

Tim said he was confident that Splash could provide the best service and back-up possible, right through from a specially-designed display package, to installation and software support.

Ian Hooper-Richardson, NSW sales consultant for Splash, planned to assist REINSW develop a suite of videos and displays for the screens.

"We actively help and encourage our clients to use the screens to their full advantage, ensuring clients are receiving the maximum benefit from their investment," he said.

For more information about window displays, visit www.splashdisplays.com.au. ♦

IAN HOOPER-RICHARDSON FROM SPLASH REAL ESTATE DISPLAYS WITH REINSW CEO TIM MCKIBBIN.



Why use a window display?

TRADITIONALLY BUYERS USED TO LOOK AT PROPERTIES DISPLAYED ON CARDS IN A REAL ESTATE AGENCY'S WINDOW. NOWADAYS, BUYERS ARE MUCH MORE LIKELY TO START THEIR SEARCH ONLINE. SO IS IT STILL WORTH HAVING A WINDOW DISPLAY?

For an agent, having a professional, stylish window display is still very important.

A window display is an excellent opportunity to enhance your agency's brand and image. Often it is the look of an office that will influence a vendor's decision on where to list their property. A sophisticated window display helps to portray an agent as progressive and professional.

Removing the wallpaper of window cards and installing Splash digital screens immediately opens up the office and creates a more welcoming impression.

Even with the popularity of the internet, a lot of people will still browse real estate agency windows. Having an impressive or eye-catching display will ensure your agency is remembered.

Digital displays also create the opportunity for bright, inviting photographs and/or videos of individual properties.

Splash digital Display and Touch solutions enables the screens to become interactive. The public can view all available properties and look up far more detailed information than a traditional window card. They can also leave their contact details, adding further convenience for both the consumers and the agents.

Calling cards of fraudsters



BY JODIE MASSON AND WAYNE PAN

THE GROWING POPULARITY OF CREDIT CARDS MEANS IT IS MORE IMPORTANT THAN EVER FOR REAL ESTATE AGENTS TO BE AWARE OF THE RISKS ASSOCIATED WITH 'OVER THE PHONE' TRANSACTIONS.

You may remember an article from the October 2008 edition of the *Journal* where a real estate agency in NSW was caught up in a credit card scam and defrauded of over \$30,000. You can help to safeguard your business from credit card fraud through knowledge and awareness, as well as the implementation of preventative measures that can limit the financial impact of scams.

Fraud

The most simple and common type of credit card fraud involves offenders making transactions online or by telephone using details they obtained unlawfully.¹ This is because when purchases are made over-the-counter, merchants (such as real estate agents) have the benefit of sighting the card and in most instances a signature or PIN number is required. However, MOTO (Mail Order Telephone Order) or CNP (Card Not Present) transactions do not afford the merchant these reassurances and in most cases fraud is not detected until well after the transaction is completed.

Chargeback

A chargeback is a right of a financial institution to reverse and 'charge

back' the cost of a fraudulent transaction to the merchant, and works as follows:

1. the card issuer reimburses the cardholder for the fraudulent transaction amount;
2. the card issuer debits the merchant's bank for the fraudulent transaction amount; and
3. the merchant's bank, in most cases, will then deduct the fraudulent transaction amount from the merchant's account.

Chargebacks can occur for a number of reasons, including where a cardholder raises a dispute in connection with an unauthorised credit card transaction. Typically, these disputes can be raised up to 12 months from the transaction date. In most instances involving non-signature-authorised transactions, the card issuer will reimburse the cardholder for their loss and then lodge a chargeback against the merchant's bank.

High chargeback levels can have detrimental impacts on real estate agents. Agents not only lose the payments they should have received but also any payments distributed to third parties, processing fees, currency conversion charges and chargeback penalties. On top of this, when instances of chargeback start to accumulate, agents could be considered high risk by their financial

THE CHOICE FOR MERCHANTS WILL BE TO ACCEPT THE CHARGEBACK RULES OR BE UNABLE TO TAKE PAYMENTS VIA CREDIT CARD.

institutions and possibly have their credit card facilities terminated.

Chargeback rules are formulated by the different card schemes and are contained within the merchant agreements. Visa and MasterCard, for example, formulate their own chargeback rules which govern the way financial institutions interact with cardholders and merchants.²

Because the financial institutions don't formulate the chargeback rules themselves, in most cases they are not negotiable. This is further compounded by the heavy reliance on chargeback protection by consumers as a safe harbour against credit card fraud. Often, the choice for merchants will be to accept the chargeback rules or be unable to take payments via credit card.

Trust Accounts

Real estate agents often hold money on behalf of others in their trust accounts, the most common example being deposits. Being aware of laws which govern trust accounts can help avoid costly fines.

For example, the *Property, Stock and Business Agents Act 2002* requires real estate agents to disclose a trust account overdraw to the NSW Department of Fair Trading within five days of becoming aware of it. If a real estate agent accepts a customer's fraudulent credit card payment into their trust account, pays third parties out of those funds on behalf of the customer and is then charged back, their trust account may become overdrawn and disclosure will be required to avoid penalties.

Protecting your business

Help to safeguard your business by remaining alert to warning signs of credit card fraud, which include:

- requests to split transactions over numerous cards, or requests to lower the transaction amount if the transaction was declined at first;
- multiple transactions over a short period of time, especially for smaller amounts as they are less likely to be red flagged by the banks; and
- any special requests which seem out of the ordinary.

Jodie Masson is a Partner and Wayne Pan is a Graduate at Middletons. ♦

¹ Queensland Police, May 2007.

² Financial Ombudsman Service, Banking & Finance Bulletin 59, September 2008.

Tips for taking payments over the phone

- Do not accept suspicious transactions. It may be better to lose a legitimate sale by incorrectly blocking the transaction than to suffer the burden of a chargeback.
- Conduct the proper checks. Payments made over the internet are sometimes screened by anti-fraud software but telephone payments are more exposed. At a minimum, you should ask for the Card Verification Value 2 (CVV2) number which is located on the back of each credit card. This serves to provide some assurance that the person authorising the payment is in actual possession of the card.
- Do not offer cash refunds. If you make a cash refund and the legitimate cardholder later complains about card misuse, the transaction may be charged back to you and the cash refund will be lost. Instead, credit the refund back to the original card used for payment.⁹
- Do not on-forward credit card payments to third parties. Some scams involve an over-payment above the price quoted, followed by a request for either a cash refund or a transfer of the "excess" to a third party. Needless to say, the transfer payment of the "excess" is lost when the fraudulent transaction is discovered.
- Read the merchant guides available from banks and credit card providers which include more helpful hints and procedures for card-not-present transactions.

⁹ Visa's merchant guide for card-not-present transactions.

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Direct Connect

Protect your business in tough times



LANDLORD'S INSURANCE WILL HELP YOUR CLIENTS PROTECT THEIR MOST IMPORTANT ASSET IF TENANTS DEFAULT ON THEIR RENT

FINANCIAL STRAIN ON HOME OWNERS AND LANDLORDS CAN RESULT IN LEGAL PAIN FOR AGENTS. AS REINSW'S INSURANCE PARTNER, AON LOOKS AT WHY IT'S IMPORTANT FOR AGENTS TO MAINTAIN THEIR INSURANCE COVER.

As sales stagnate, many Principals are looking at ways to cut costs and insurance usually comes up as a candidate for downsizing. Rather than a luxury item to be indulged in when business is good, insurance is never more important than during difficult times, when agents can become easy targets.

Aon offers two types of insurance that we recommend for all real estate agencies – professional indemnity (through RealCover) and office.

Protect your professional reputation

Professional indemnity for real estate agents generally covers claims relating to allegations of professional negligence such as misrepresentation of the features of a property listed for sale or property damage, or bodily injury claims arising from the management of a rental property where there are allegations of professional negligence.

As you can imagine, in tough economic times such as these, there will be people who struggle to make their mortgage repayments or need to invest more in the property

than they anticipated. The real estate agent who sold them the property can become an easy target as they look for someone to blame.

Rather than cutting your spend on insurance, now is a good time to review the limits for which you are insured to make sure that your policy will be enough to defend your reputation, your business and your assets should you require it.

Office insurance

There are two parts to office insurance: the office itself and the contents. Agencies leasing their premises may not be responsible for the building, but the contents of your office are most certainly your concern. This includes all the computer equipment, furniture and any other valuables kept in the office. We always remind our clients that it is critical to insure your contents for their full replacement cost.

Another aspect of office insurance is the cost to keep your business running following damages to the premises. For example, if storm damage forces you to relocate temporarily, you may find yourself faced with an array of additional costs you have not anticipated, such as rental of temporary offices and placement of advertisements in the local newspapers and a mail out to tell your customers and suppliers where you have moved to.

THE NEW ECONOMIC CLIMATE INCREASES THE RISK THAT ONCE 'ROCK SOLID' TENANTS COULD FACE UNEMPLOYMENT, PAY CUTS OR OTHER JOB UNCERTAINTIES – ALL OF WHICH COULD AFFECT THEIR ABILITY TO PAY THE RENT.

It is a good risk management practice to plan what you would do to get your business back up and running following damage. Cost out the recovery expenses and consider if you have sufficient insurance cover or would this become a business expense?

Impact on your clients

The new economic climate increases the risk that once 'rock solid' tenants could face unemployment, pay cuts or other job uncertainties – all of which could affect their ability to pay the rent.

Late or unpaid rent places considerable strain on landlords, not to mention the cost of cleaning up after tenants who take off without notice. You'll be pressured

to chase delinquent tenants and find replacement tenants while landlords will look to save money through reduced commission and potentially transfer losses by raising a professional indemnity claim against you.

Unpaid rent equals no commission for you, directly reducing your bottom line.

Landlords' insurance is specifically designed to assist landlords recover the cost associated with a 'bad' or delinquent tenant. A basic policy is as affordable as a couple of cups of coffee per week and provides many benefits including rent default, malicious damage and deliberate and intentional damage.

A landlords' insurance policy will provide not only protection of your clients' assets – it will assist in ensuring your commission and discharging your duty to your client.

For more information, call Aon on (02) 9683 0921 or email nswre@aon.com.au.

Disclaimer

The information in this article is of a general nature only and individuals should consider their own circumstances before proceeding in reliance on such information. Whilst care has been taken in preparing this article, and the information contained in it has been obtained from sources that the Aon Group of Companies (Aon) believe to be reliable, Aon does not warrant, represent or guarantee the accuracy, completeness or fitness for purpose of that information. Aon accordingly accepts no liability for any loss resulting from the use of the information in this article.

RealCover receives stamp of approval

AGENTS CAN BE MORE CONFIDENT THAN EVER IN REALCOVER, NOW THAT THE INDUSTRY INSURER HAS RECEIVED AN AUSTRALIAN LICENCE.

RealCover has made history by becoming the first insurer of its kind to achieve an Australian Insurer Licence.

More than 12 months of tireless work behind the scenes at RealCover culminated on December 22 last year when the Australian Prudential Regulation Authority (APRA) granted the licence. It was the first time that APRA had issued a licence to any company under the new category of "association captive".

The licence is a stamp of approval by APRA, demonstrating the regulator's confidence that RealCover can meet the strict requirements of the Australian regulator. Previously, RealCover operated under the requirements of New Zealand, where it was domiciled.

To achieve the capital levels required by APRA, REINSW has welcomed Risk Advisory Services Pty Ltd as a minority partner to the RealCover share register. This firm and its principals have been close to RealCover since inception and have a good understanding of the company.

The trading name will change to RealCover Insurances Pty Ltd, registered with ASIC.

For policyholders, there will be no change. RealCover's existing

THE LICENCE IS A STAMP OF APPROVAL BY APRA, DEMONSTRATING THE REGULATOR'S CONFIDENCE THAT REALCOVER CAN MEET THE STRICT REQUIREMENTS OF THE AUSTRALIAN REGULATOR.

reinsurance is still in place with a Lloyds syndicate, advice will still be available on the 24-hour hotline and claims will be handled exactly as they are now. Distribution is still being handled by the brokers Aon.

RealCover was established in 2004 to improve the real estate agents' position regarding professional indemnity insurance. In that time RealCover has built up capital and improved the agents' position regarding claims.

RealCover has also been instrumental in driving down premiums to a point where they are now approximately half the level they were.

For more information, contact Aon's Real Estate Insurance team on 1800 803 636. ♦

PI essential, not optional

REINSW HAS RENEWED THE CALL FOR PROFESSIONAL INDEMNITY INSURANCE TO BE COMPULSORY FOR ALL REAL ESTATE AGENCIES.

Even the best agencies can make mistakes, yet some Principals still don't take out professional indemnity insurance to protect their business.

John Hill, Chairman of real estate industry insurer RealCover, said he was amazed that any Principal could take such a risk simply to save the cost of the policy premium.

"They're taking a gamble that it won't happen to them," he said.

"They could make a mistake in their business with a lease or a sale that could leave them open for a claim for many hundreds of thousands of dollars. Or if a small child is seriously injured on one of their managed properties, the claim could well be in the millions."

"YOU MAY NOT BE LIABLE AT LAW, BUT YOU STILL HAVE TO PAY THE LEGAL COSTS, WHICH COULD BE WELL OVER \$10,000 A DAY."

Even if an agent hasn't done anything wrong, the agency could still be up for thousands of dollars in lost time and legal costs if a vindictive person wants to take the agent to court – regardless of who ultimately wins the case.

"You may not be liable at law, but you still have to pay the legal costs, which could be well over \$10,000 a day," John said.

From the point of view of consumer protection, professional indemnity insurance can help to ensure that consumers receive recompense if an agent is negligent.

REINSW strongly encourages all members to ensure they have adequate professional indemnity cover. REINSW representatives have also presented arguments to the NSW Government and the NSW Office of Fair Trading to make professional indemnity insurance a compulsory requirement for real estate agencies.

In the meantime, REINSW is looking to incorporate compulsory professional indemnity insurance as part of the requirements for an agency accreditation program under consideration.

REINSW also encourages existing policyholders to ensure their insurance is up to date. The most common time for renewals is in March, so now is a great time for agents to review their insurance needs and make sure they have the best cover available.

If your agency does not yet have professional indemnity insurance, or if your policy is up for renewal, call the RealCover Service Hotline on 1800 803 636. ♦

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Maximise profits by leveraging



BY CHRIS GRAY

IF YOU'RE AIMING TO BUILD A PROPERTY PORTFOLIO THAT WILL GIVE YOU THE ABILITY TO LEAVE WORK EARLY AND ENJOY LIFE'S LUXURIES, THEN YOU'RE GETTING INTO A SERIOUS BUSINESS THAT INVOLVES LARGE AMOUNTS OF MONEY.

If you want the above, you're looking to build a *highly profitable* portfolio. The most successful investors know that you maximise profits when you leverage effectively. By this, I mean that: a) you're better off bringing in specialists in particular areas than trying to be a jack of all trades but master of none; and b) you usually make money when you spend money.

Any highly profitable portfolio requires a good team of experts behind it. I believe every investor needs to invest in at least three experts.

Property accountant

Not all accountants understand property investing in depth. I've spoken at about 20 accounting conferences and discovered the

average accountant still thinks that paying off your home loan is the best thing you can do. The broader-thinking ones know that using the principal part of your repayment to fund a second property will make much more money than you will otherwise save in interest.

Valuer

A property valuer can not only tell you what your house is worth today, but what it'll be worth with a new kitchen, a paint job, or a second-storey addition. They can save you thousands of dollars by advising you to improve those areas that will increase your profits and save you a fortune by not over-capitalising.

Buyers' agent

Why pound the pavement every weekend scoping out 100+ properties when a buyers' agent who specialises in your suburb can do it for you? Buyers' agents have strong relationships with real estate agents and have many sales comparisons to back up their auction bids. They often

IT'S VITAL TO PICK THE RIGHT PROFESSIONALS; THOSE WHO CAN HELP MAXIMISE YOUR WEALTH. I LOOK FOR PROFESSIONALS WHO ARE ACTIVE PROPERTY INVESTORS TOO.

buy properties before they go on the market and negotiate from a stronger ground.

Sourcing your team

It's vital to pick the right professionals; those who can help maximise your wealth. I look for professionals who are active property investors too. If they are doing it personally, it often means they will have done their research and know the pros and cons of every option.

Try asking other property investors which professionals they use and then network the contacts you already have. Your accountant will often know a few brokers who will then know a few valuers and so the network of good professionals continues.

Often I don't ask how much these professionals charge. I concentrate on getting the best advice possible; I know that every dollar I spend will either reduce my risk or make me additional profits.

Chris Gray is a leading property expert who provides opinion and commentary regularly on Sky Business News, Channel Nine and other major media. He is CEO of Empire, a property consultancy that builds portfolios for time-poor investors – searching, negotiating and renovating on their behalf. For a FREE copy of his latest book, The Effortless Empire: The Time-Poor Professional's Guide to Building Wealth from Property, go to www.yourempire.com.au. ♦

THE RIGHT TEAM OF EXPERTS WILL HELP YOU ACHIEVE PROPERTY SUCCESS.

Save time on super

IN TOUGH TIMES, EVERY MINUTE COUNTS. ARE YOU SPENDING TIME ON OFFICE SUPER THAT COULD BE BETTER SPENT ELSEWHERE?

How can I make just one super payment for all staff?

One of the difficulties of providing super fund choice to staff is administering multiple payments to multiple funds. The solution to this is to use a clearing house, where you make one payment to your default super fund and they disburse the money to each individual fund as per your instructions. By using a clearing house you are effectively outsourcing the administration of multiple super fund choices to your office default super fund.

Many super funds provide a clearing house free of charge; if your default

fund doesn't provide a clearing house for free, maybe it's time to reconsider your office default.

Depending on your default super fund, the clearing house may accept a variety of payments. Many, like the REI Super clearing house, use an internet site similar to internet banking and an individually authorised direct debit for each payment. This gives you complete assurance that you control the payment frequency and amount. When you do request a payment, it is distributed based on your instructions to all the super funds which your staff use. If some of these funds only accept cheques (such as some self managed super funds) then the clearing house will generally issue a cheque at its own expense.

To set up a clearing house, contact your default super fund and ask them how you can register. If your default office super fund does not offer a free clearing house, consider approaching the second most common super fund amongst your staff for the same service and potentially changing your office default super fund to this provider.

Once you register for a clearing house, your staff who are already in the default fund will be set up for you and you will only need to add your remaining staff and their super fund choices (often using an identification code such as a 'SPIN' that is provided on the ATO Standard Choice Form).

When you make your first payment via your clearing house, all staff will

be listed on a contribution table along with the name of their chosen super fund. To complete your obligations, you only need to enter in each person's accrued super for the period and submit your one payment. Easy!

If you are interested in more information on the free REI Super clearing house and how it may benefit your office, please email Sue Johnson at bdm@reisuper.com.au ♦

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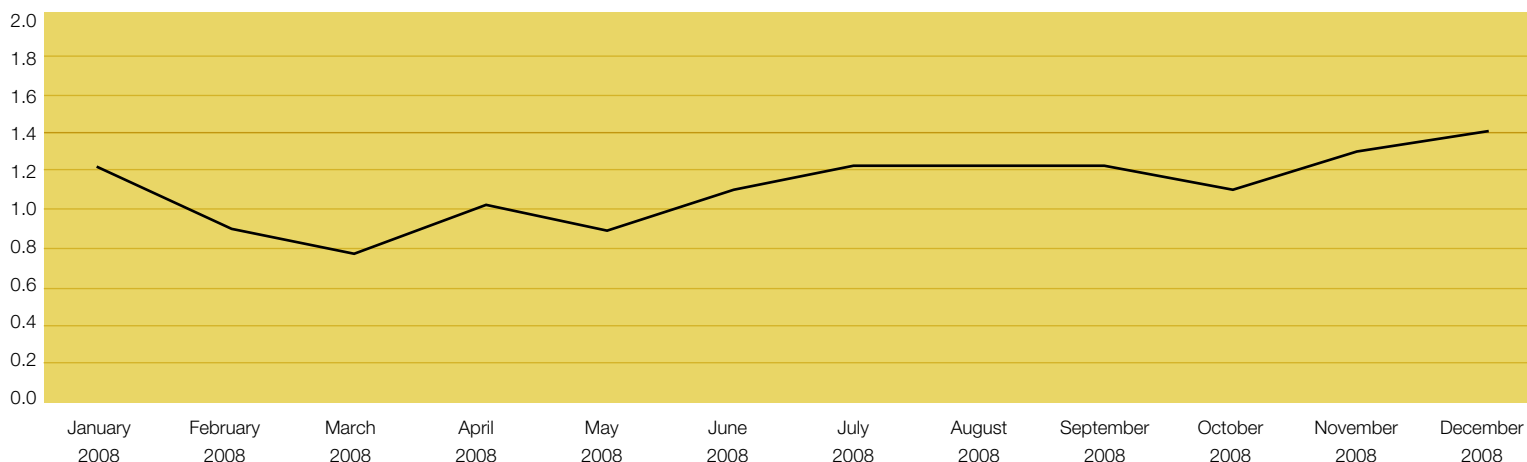
Research

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

Residential vacancy rate – Compiled by REINSW

SYDNEY	Dec-08	Nov-08	Oct-08	Sep-08		Dec-08	Nov-08	Oct-08	Sep-08
Inner	1.3%	1.3%	1.1%	1.5%	ALBURY	3.1%	3.7%	3.4%	3.0%
Middle	1.5	1.2	1.1	1.1	CENTRAL WEST	3.6	4.2	4.7	4.4
Outer	1.4	1.3	1.0	1.1	COFFS HARBOUR	3.5	4.0	2.9	4.1
Total	1.4	1.3	1.1	1.2	FAR WEST	-	-	-	-
HUNTER					MID-NORTH COAST	2.0	1.9	2.7	2.4
Newcastle	2.1	1.7	1.6	1.6	NEW ENGLAND	2.6	2.2	3.9	4.1
Other	1.4	1.8	1.4	2.1	NORTHERN RIVERS	1.8	1.8	2.8	1.9
Total	1.7	1.8	1.5	1.8	ORANA	3.3	3.4	3.6	2.6
ILLAWARRA					RIVERINA	3.1	1.9	2.6	2.7
Wollongong	3.0	1.9	2.2	1.4	SOUTH COAST	2.5	2.5	3.4	4.1
Other	2.9	0.7	1.9	2.4	SOUTH EASTERN	2.3	1.1	2.5	3.7
Total	2.9	2.1	2.1	1.8					
CENTRAL COAST	2.0	2.2	2.2	3.0					

Sydney vacancy rate



Source: REINSW Vacancy Rate Survey

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

Sydney weekly auction clearance rates – provided by Australian Property Monitors

Week Ending	Inner Sydney		Inner West		Lower North		Inner East		Sydney	
	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate
21/12/08	0	snr*	0	snr*	0	snr*	0	snr*	1	100%
14/12/08	22	44.4%	13	78.6%	8	30.0%	19	33.3%	198	52.86%
7/12/08	46	39.7%	30	58.8%	39	26.2%	47	46.8%	410	40.56%
30/11/08	74	43.3%	39	62.5%	44	38.7%	64	42.0%	454	42.7%
23/11/08	79	49.0%	45	60.0%	83	33.0%	82	46.5%	597	44.02%
16/11/08	76	50.0%	26	45.2%	41	31.0%	83	42.9%	447	41.64%
9/11/08	57	36.0%	26	48.4%	66	36.0%	60	47.3%	478	41.78%
2/11/08	80	46.8%	38	50.0%	64	42.1%	70	46.3%	471	42.57%
26/10/08	56	54.5%	32	55.9%	58	26.8%	90	49.6%	488	43.0%
19/10/08	65	42.0%	24	57.7%	37	53.5%	72	39.5%	356	43.7%
12/10/08	37	59.2%	20	68.2%	47	50.9%	36	56.1%	315	49.6%
5/10/08	47	56.4%	38	53.8%	30	51.3%	40	46.0%	365	47.6%

*snr = sample not reliable

ex-cel-lence

noun

the quality of being outstanding or extremely good: *the awards for excellence* | *a centre of academic excellence*.

ORIGIN late Middle English: from Latin *excellētia*, from the verb *excellere* ‘surpass’ (see EXCEL).

REIA Awards

THE 2009 REIA NATIONAL AWARDS FOR EXCELLENCE ARE A CHANCE FOR OUR PROFESSION TO CELEBRATE ACHIEVEMENT AND HONOUR THE MOST OUTSTANDING PRACTITIONERS AT A NATIONAL LEVEL.



The awards ceremony will be held on Thursday, 2 April at the Plaza Ballroom of the Regent Theatre, Collins Street, Melbourne.

The event recognises the top achievers of Australia's real estate industry, with awards covering a wide range of categories from Residential and Commercial Salesperson of the Year through to Corporate Support and Community Service Person of the Year.

This will be a night not to be missed with first class entertainment that encompasses the theme 'Old New York' – a tribute to the early baroque style of design.

For more information about the 2009 REIA National Awards for



Tickets are available to purchase as an individual (\$165.00 per person) or as a group booking (\$1500.00 for a table of 10). To book tickets for the 2009 REIA National Awards for Excellence visit www.reia.com.au/nationalawards.

Excellence, contact Rhiannon McClelland on 02 6282 4277 or at rhiannon.mcclelland@reia.com.au.

As part of the awards, REIA produces a publication which

will profile the awards finalists, supporters and their businesses. For more information on advertising in the publication, contact Ivanka Kovac on 02 6282 4277 or at ivanka.kovac@reia.com.au ♦

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TOM LEE

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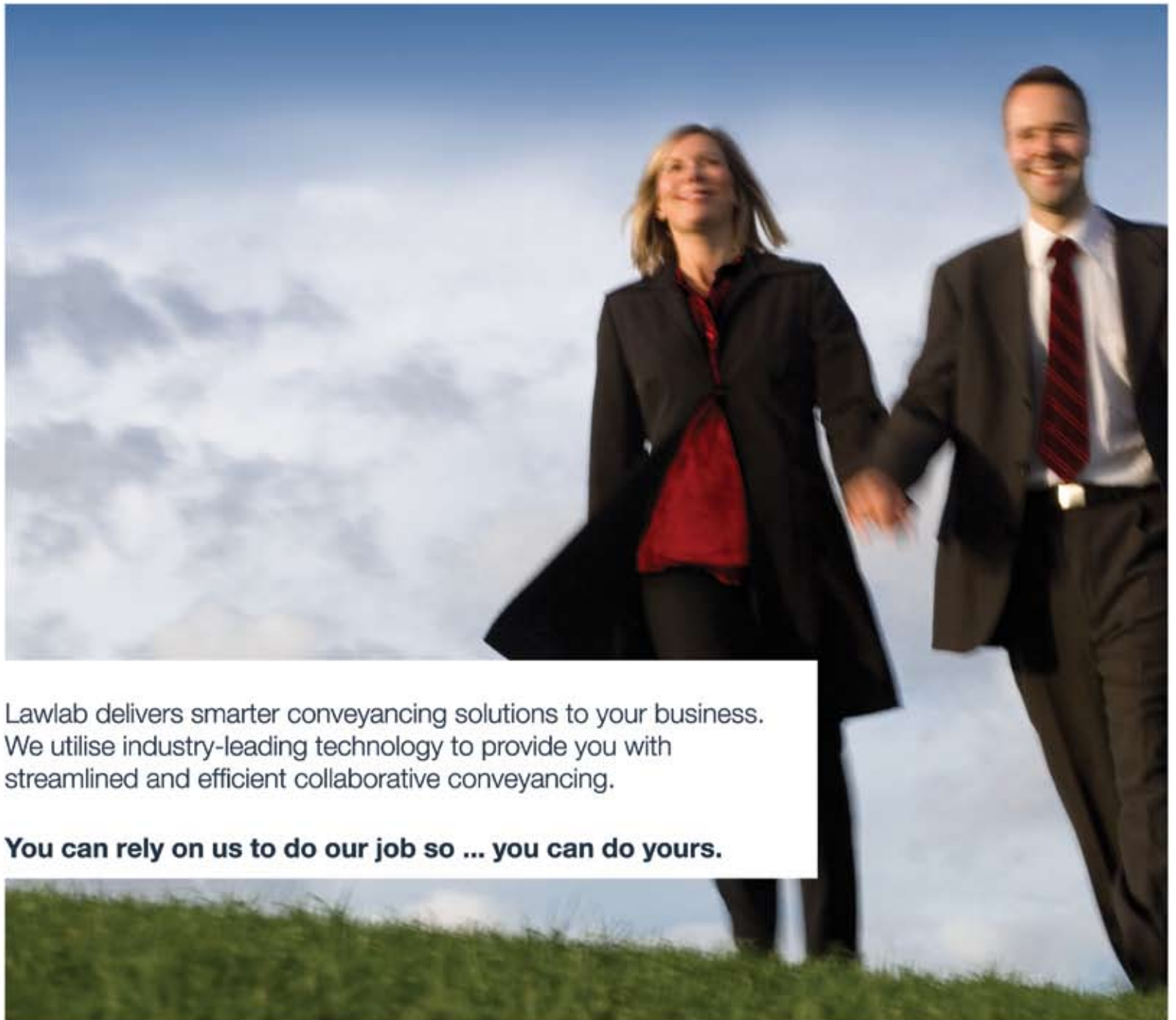
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