

Journal

MAY 2009
VOL 60/04



John Cunningham
Secrets of a growing agency

Cut-through copy
How to write compelling ads

Commercial property tenants
Tips on handling arrears

Zhang case
Lessons from an 'off the plan'
legal dispute

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perspective**

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eBrochure ALL pictured. Single-use eBrochure template not shown.

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The *Real Estate Journal* is a member
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Bottom line you need Real Business First

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(\$69.50 per month for non-members. Prices include GST.)

To find out more, visit www.reinsw.com.au and click on the link to Real Business First.

PRESIDENT'S MESSAGE



REINSW President Steve Martin has been extremely busy with news interviews in recent weeks.

He conducted more than 30 interviews in two days following comments from Prime Minister Kevin Rudd that the First Home Owners Boost would end at 30 June, followed by suggestions that an alternative proposal would be contained in the Federal Budget.

Steve's opinion was highly-sought from television, radio and newspaper reporters. He appeared in front of TV cameras and spoke live on the radio, urging the Federal Government to continue to provide assistance for first home buyers to enter the market.

That's only one example of a news issue that REINSW has commented on.

Other issues include the latest residential vacancy rate results and the big banks' refusal to pass on the full amount of interest rate cuts.

"The recent interest rate cut was not given to boost bank profits. The benefits of the interest rate cuts belong to all of us," Steve said.

For a full list of REINSW press releases, visit www.reinsw.com.au

Real advantages

In this economic climate, it is critical to belong to an industry body that works to protect your interests.

During my Presidency so far, I have strived to raise REINSW's profile. We have re-built our position as leaders in the debate on property issues. Media seek us out for comment almost every day. We are a relevant and credible voice representing real estate professionals in NSW.

We are also influential in lobbying for positive changes to our industry. Often our efforts take place behind the scenes with submissions to government groups or discussions with politicians, such as a recent meeting with NSW Minister for Fair Trading, Virginia Judge.

We were recently successful in our joint efforts with the Real Estate Institute of Australia (REIA) in lobbying about a problem regarding trust accounts, which has potentially saved agents thousands of dollars (for more information, see p8.)

In another example, we were successful in our submission to the NSW Better Regulation Office to maintain the licensing requirement for strata managers, ensuring that this profession continues to require a high standard of conduct.

These wins may not have an obvious impact on your day-to-day business, but collectively, they add up to an enormous positive difference for you, our members.

I believe that members can and should feel a sense of pride in belonging to the largest professional association for real estate agents in Australia.

Ultimately, our efforts to promote the REINSW brand also strengthen your business, so that using the REINSW logo adds to your credibility in the eyes of potential vendors and landlords.

Steve Martin
REINSW President



REINSW MAJOR PARTNERS





Childcare sites for sale

Jones Lang LaSalle (JLL) has called for expressions of interest for 18 development sites formerly owned by ABC Learning Centres.

JLL was appointed by Austock Property Management Ltd to manage the sale process of the sites, which are located in capital cities and regional centres across Australia, including four in NSW.

Most of the development sites have planning approval for a childcare centre, although they could also be used for a variety of other purposes including residential, community or urban development.

The sites are in addition to 43 former childcare centres that are up for sale by Jones Lang LaSalle. Expressions of interest for those centres have already closed.

Eddy Groves' ABC Learning Centre empire collapsed in 2008 leaving an uncertain future for the users of about 1000 centres. PPB Corporate Recovery is selling the childcare businesses associated with the 241 ABC2 Childcare Centres. Austock, the broker which backed the ABC Learning Centres empire, formed Austock Property Management to act as the responsible entity for the Australian Education Trust, which owned the real estate.

Mind-controlled software?

Rockend has partnered with leading German Biotechnology Company, Aculer GBH, and is looking for 50 property managers who are willing to have microchips implanted in them as part of a trial for new mind-controlled software ...

Or so said a press release that the real estate software company issued on April 1.

As you may have guessed from the date, the press release was a light-hearted April Fool's Day joke!

"We at Rockend love a good laugh and hope you do as well," the company said on a web page linked to the release.

Vulnerable suburbs

Arndell Park in Sydney's west and Mitchell in Bathurst are among the most vulnerable suburbs in NSW for job losses, an analysis has found.

The Employment Vulnerability Index has classified 124 suburbs in NSW as 'red alert' for job loss potential.

In Sydney, the most vulnerable suburbs were Arndell Park, Cabramatta and Canley Heights, while in regional NSW, Mitchell, Tamworth and North Wagga Wagga were identified as high risk.

The index was compiled by the Centre of Full Employment and Equity in conjunction with the Urban Research Program at Griffith University.



Vertical farms

It might sound like something out of a science fiction novel, but a professor at Columbia University in the United States believes that vertical farms could be a viable alternative to traditional farms.

Dr Dickson Despommier suggests that each farm would operate on solar power and could save thousands of hectares of agricultural land. He believes that vertical farms within cities will become a necessity in the future, as population growth and climate change reduces the amount of available farmland.

LEE SCOTT, NATIONAL ACCOUNT MANAGER
LJ HOOKER RECRUITMENT SERVICES, AND
SHARON BENNIE, DIRECTOR LJ HOOKER
RECRUITMENT SERVICES



New alliance

LJ Hooker has formed an alliance with specialist property recruitment agency, Sharon Bennie, to create LJ Hooker Recruitment Services.

"By providing our offices with their own recruitment agency to help them meet their recruitment needs, we hope to help alleviate the stress associated with finding the right staff for our Franchise Owners," said Mark Brimble, LJ Hooker General Manager of Real Estate Operations.

On the money

Australia Post Money Orders can now be purchased for any value up to \$5,000. They can be an affordable option for tenants paying bonds, costing \$4.50 for Money Orders up to \$1,000 and \$6.00 for Money Orders between \$1,000 and \$5,000.

Copies of a simple flyer advising tenants of the new increased \$5,000 limit were mailed to real estate agents in March. Additional copies are available upon request by emailing moneyorders@auspost.com.au

Renovations cheaper

Renovation costs in Australia are expected to drop between 5% and 15% in the next six months due to increased competition.

Archicentre, the building advisory service of the Australian Institute of Architects, says a substantial slowdown in the planning of new commercial projects around Australia will see many tradespeople moving from commercial to residential, resulting in more competition in the new home and renovation markets.

The prediction came as Archicentre released its latest cost guide for renovations, which is available for download at www.archicentre.com.au

Imi housing outlook

Half Yearly Update
April 2009



Investors to return by next year

Residential property investors are expected to increase "significantly" by 2010, according to a new report.

"Conditions for investors are at their best since the late 1990s," said the report, *Imi housing outlook* by QBE and BIS Shrapnel.

"In the short term, it is expected investor demand will remain subdued until the outlook for the economy becomes more positive.

"However, through 2009 and into 2010, investor sentiment towards residential property is expected to increase significantly – particularly given the poor recent returns in the equities market – and underpinned by the increases in rental yields."

The report also predicts an upswing in the number of new dwellings, which will help to drive the domestic economy in 2009/10.



Smart house

A team of architects, suppliers and builders have launched a new concept home designed for first home buyers and low to moderate income earners.

The Smart Home was built in an aircraft hangar in Brisbane and launched at the National Congress for the Urban Development Institute of Australia (UDIA).

The three bedroom, two storey house is designed for 300m² and 400m² lots and features a six star energy rating.



New REIA President

David Airey has been elected as the new President of the Real Estate Institute of Australia (REIA).

Mr Airey is currently Deputy President of the Real Estate Institute of Western Australia.

The election follows a decision by Noel Dyett to step down from the REIA Presidency, a role he had held since 2007.

Chris McGregor has been elected as REIA Deputy President.

Rising vacancy in Sydney CBD

Vacancies in Sydney's CBD office market are likely to rise to 8.5% to 9% by the end of the year, according to the Colliers International's *CBD Office Market Indicators Report for Autumn 2009*.

The report said the city vacancy rate was just about 6%, an increase of two percentage points over the previous six months, with a significant increase in sub-lease activity.

However the vacancy rate remained well below the 19-year historical average trend of 9.8%.

The market also experienced the first period of negative net absorption in more than four years, driving a significant rise in incentives.



St Vincent de Paul Society

good works

RISE TO THE CHALLENGE

Sponsor **REINSW** President **Steve Martin** to sleep rough for one night this winter to help Australia's homeless. Or, dob in your own CEO.



CEO



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OF NEW SOUTH WALES

Register online at www.ceosleepout.org.au or call 02 9560 8666

REINSW PRESIDENT STEVE MARTIN WILL SPEND A NIGHT OUT IN THE COLD TO HELP RAISE AWARENESS OF HOMELESSNESS.

More than 100,000 men, women and children sleep out in Australia each night, so Steve considers it only a small sacrifice to spend one night out in a sleeping bag on the concrete.

He will join the CEO Sleepout at Sydney's Luna Park on 18 June, the second year in a row that he is giving up the comforts of home to experience what it is like to be homeless.

Money raised through sponsoring Steve will assist the St Vincent de Paul Society in providing relief to the homeless through crisis accommodation, domestic violence support and access to financial counselling – in other words, educating people on making better choices in life.

Steve's passion to help the homeless began on the way to an REINSW Board meeting.

"I was walking through Hyde Park," he explained. "It was just about the start of winter and it was starting to get cold. I saw all these homeless people and thought 'how could that happen?'"

He felt that the real estate industry had a particular responsibility to assist people without homes.

"I WAS WALKING THROUGH HYDE PARK," HE EXPLAINED. "IT WAS JUST ABOUT THE START OF WINTER AND IT WAS STARTING TO GET COLD. I SAW ALL THESE HOMELESS PEOPLE AND THOUGHT 'HOW COULD THAT HAPPEN?'"

"I walked into the REI, straight into the board meeting and just poured it all out," Steve said. "We have to do something about this. We should partner up with a charity and go out and provide soup and coffee on what I now know is called the night patrol."

REINSW has since formed a partnership with Vinnies. On several occasions, Board members and staff have joined the night patrol to help make the lives of the homeless more comfortable.

"It's just a real eye-opener," Steve said about his night patrol experience. "I didn't smell alcohol on one person. The vast majority of people were exceptionally well-mannered and really appreciative of what we are doing. The intellect that's on the street, the wisdom that's on the street really blew me away."

"One guy was an architect, one was an accountant ... to be homeless, it could happen to anybody."

REINSW Vice President Malcolm Gunning went on the night patrol and met a homeless man who had been a boarder at the same private school that Malcolm had attended.

"It was sobering to think that this guy had exactly the same education, yet here he was living on the street," Steve said.

"WITH EVERYONE'S HELP, VINNIES CAN TURN THE TIDE AND GIVE PEOPLE THE OPPORTUNITIES THEY NEED TO REBUILD THEIR LIVES."

As well as volunteering on the night patrol, Steve is now raising money for support services to the homeless by attending the CEO Sleepout. He encouraged REINSW members to donate to the CEO Sleepout or attend themselves.

"With everyone's help, Vinnies can turn the tide and give people the opportunities they need to rebuild their lives," Steve said.

To donate or to find out more, visit www.ceosleepout.org.au or call (02) 9560 8666. ♦

How your donation can help

- \$50 can provide bedding, a meal and a fresh change of clothes for a homeless person staying at a Vinnies hostel or refuge;
- \$100 will help equip the Vinnies Night Patrol vans with the food, warmth and friendship they bring to homeless people across our cities every night of the year;
- \$500 will enable a homeless person to complete a life skills course, preparing them to re-enter the community and make a contribution to society;
- \$1,000 will enable a survivor of domestic violence and her children to make the supported transition from a St Vincent de Paul refuge into independent housing.

Safeguard for trust account deposits

IN A WIN FOR THE INDUSTRY, AGENTS CAN NOW MORE EASILY SAFEGUARD THEIR TRUST ACCOUNT DEPOSITS IN THE EVENT THAT THEIR BANK OR FINANCIAL INSTITUTION COLLAPSES.

Last October, Prime Minister Kevin Rudd pledged to guarantee deposits up to \$1 million for the next three years in a bid to bolster public confidence in the banking system during the global economic crisis.

However agents may not have realised that deposits over \$1 million – which includes most trust accounts – are not automatically guaranteed by the Federal Government and, until now, seeking a guarantee could incur substantial fees.

DEPOSITS OVER \$1 MILLION – WHICH INCLUDES MOST TRUST ACCOUNTS – ARE NOT AUTOMATICALLY GUARANTEED BY THE FEDERAL GOVERNMENT.

Following lobbying by the Real Estate Institute of Australia (REIA), the Federal Government has agreed to waive the fees charged to banks and financial institutions to guarantee deposits over \$1 million.

These fees were previously being passed on to customers by

some banks and financial institutions. The REIA has heard from a number of agents who have been hit by fees after applying to guarantee their trust account deposits.

REIA's lobbying victory should now make it easier for agents to apply to their bank or financial institution to seek a guarantee for their trust account, at no cost. Ultimately this will also benefit consumers by ensuring better protection of their funds.

Unfortunately the Federal Government has only agreed to waive the fee from April 1 onwards and will not reimburse fees incurred prior to this date. However REIA understands

THE REIA HAS HEARD FROM A NUMBER OF AGENTS WHO HAVE BEEN HIT BY FEES AFTER APPLYING TO GUARANTEE THEIR TRUST ACCOUNT DEPOSITS.

that these fees should be tax deductible.

REINSW urges agents to check with their bank or financial institution to ensure that their trust account deposits are backed by the Federal Government guarantee. ♦



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LOCAL HEROES: Tour De Kids



THE COLLIERS INTERNATIONAL-
GRIFFIN TOUR DE KIDS TEAM

AGENTS FROM COLLIERS INTERNATIONAL HAVE ENDURED A GRUPELLING SIX-DAY BIKE RIDE TO RAISE MONEY FOR SERIOUSLY ILL CHILDREN.

Riding 1,000km from Bundaberg to Byron Bay was already going to be a tough challenge, but the Tour De Kids bike ride turned out to be harder than expected due to pouring rain for most of the journey.

It bucketed down non-stop for the last two days of the ride, which ended on 4 April.

"It was a great experience and very challenging to be involved in such a tough ride but it was well worth the effort," said Stephen Wooldridge,

"IT'S A TOUGH YEAR BUT WE'RE STILL MOTIVATED AS EVER TO RAISE THOSE FUNDS BECAUSE AT THE END OF THE DAY, FOR THE CHILDREN THAT WILL BENEFIT, IT DOESN'T MATTER WHETHER IT'S A GOOD OR HARD YEAR, THEY STILL FACE THE SAME PROBLEMS."

Colliers' Executive of Industrial and a former Olympian.

Stephen was one of three staff from Colliers International who took part in the annual charity event, which raises money for the Star Light Foundation and other charities that brighten the lives of sick kids.

The other Colliers' staff were Brent Dawson (a former Australian champion cyclist and Colliers' Manager of Investment Sales and Leasing) and Troy Whalan (a cycling enthusiast and Colliers' Associate Director of Industrial).

The team cycled for up to 350km a week in preparation for the ride.

"I've run marathons and played rugby union and this is without a doubt the hardest thing I've ever done," Troy said.

This year Tour De Kids raised \$300,000. Colliers International was a major sponsor for the ninth consecutive year.

Stephen said it was more challenging to raise funds this year due to the current economic climate.

"It's a tough year but we're still motivated as ever to raise those funds because at the end of the day, for the children that will benefit, it doesn't matter whether it's a good or hard year, they still face the same problems," he said. ♦

Cut-through copy



BY NICOLA FIELD

THE PEN REALLY IS MIGHTIER THAN THE SWORD BUT IN A COMPETITIVE BUSINESS ENVIRONMENT, THE WRITTEN WORD NEEDS TO BE AS SHARP AS A SAMURAI BLADE, AS COMPELLING AS A CUTLASS AND ABOVE ALL, AN INTERESTING READ.

The use of the written word to communicate with your customers is formally known as 'copywriting'. Good copy is an effective, low cost marketing tool for any business or industry – perhaps none more so than real estate where clever copy can be used to make even the most uninspiring property sound appealing.

While copywriting is traditionally associated with advertising, it goes beyond this, playing a key role in virtually all business communications. Whether you're writing a press release, a newsletter or just staying in touch with customers, quality copy is essential. Poorly written or inappropriately worded copy won't only fail the task, it can actually detract from an agency's professional image.

Know your pitch, know your readers

A vital ingredient in effective copy is preparation. As a starting point, think about your target audience and the purpose, or role, of your copy. A press release for instance, should be newsworthy and written in an informative rather than 'salesy' style. A newsletter should entertain as well as enlighten, bringing readers up to speed with market conditions.

Given the variety of media in which real estate agents can use copywriting, quality copy is clearly

WHETHER YOU'RE WRITING A PRESS RELEASE, A NEWSLETTER OR JUST STAYING IN TOUCH WITH CUSTOMERS, QUALITY COPY IS ESSENTIAL.

not a one-size-fits-all proposition. The common thread is that your copy should be as professional. Simple errors of spelling, grammar or punctuation will undo hours of writing effort, potentially wasting valuable marketing dollars. A common mistake is relying on your computer's 'spell check' function – one that isn't always a loyal friend. For Australian spellings the Macquarie Dictionary is a far better guide, and when it comes to grammar, punctuation and presentation, the *Style* manual for authors, editors and printers, published by John Wiley & Sons, is invaluable.

With this in mind let's have a look at how quality copy can make a difference to the impact and value of your message.

Poor copy sees properties floundering

First up, an example of poor copy. The advertisement below appeared verbatim on a US website listing a \$US679,000 property in Trabuco Canyon, California:

"A clifornia ridge home with original owners always smoke and pet free.



HOW WOULD YOU WRITE ABOUT A PROPERTY SUCH AS THIS ONE?

1900sf home with 3 car garage on 1/3 acre on a cul de sac lot. 2 story stucco with ceramic tile 3 bedroom + loft, 2. 5 baths with beautiful glass tub enclosures cathedral ceilings in the living and formal dining room mirrored closet doors in all bedrooms ceramic tile floors honeywell security alarm system central heating and air conditioning custom wood planation shutters new kitchen appliances gas fireplace separate inside laundry room fresh paint throughout auto garage door openers automatic (6) zone garden sprinkler system 2 story gutters & downspouts."

While this home could be lovely, the copy definitely isn't. For starters, there are unforgivable spelling errors – 'planation' for example, rather than 'plantation', or '2 story' rather than '2 storey'. The jury's out on whether 'clifornia' is a local term, but as a guide, copy that raises more

questions than it answers hasn't done its job. The punctuation is also very poor – no commas divide the home's listed features, clouding meaning and simply making the copy hard to read. This will only encourage prospective buyers to rapidly move on to the next ads.

The writer of this copy may try to counter these criticisms by pointing out that all the home's features are mentioned. Indeed, we are even told about the guttering – but do we really need that level of detail? Arguably, the main flaw is the copy fails to make an emotional connection with buyers. At no stage does it entice readers to see themselves calling this property 'home'. And in the property business, an emotional link is critical to sales success.

Quality copy secures sales

So let's see how good copy



can make this home far more appealing. The first must-have is a compelling heading, such as:

Luxury, lifestyle, location – you’ve found it all

Then there’s the rest:

Sit back, relax, you’ve found the winning combination: a delightful, turn of the century character home offering the elegance of yesteryear with the luxury of modern living. Set on a generous 1/3 acre, easy-care block, this home combines room to relax and play with the tranquility of a cul-de-sac location, within walking distance to Trabuco’s shops and schools.

Boasting lofty cathedral ceilings in the formal lounge/dining, a cosy gas fireplace, central heating and air conditioning throughout, this spectacular home offers year-round comfort. Cook up a storm in the modern

kitchen, or find privacy among three generous bedrooms and separate loft. Freshly painted, protected by a Honeywell security system, offering two bathrooms plus ensuite and garaging for three cars, this home provides a rare sanctuary to raise your family.

This second version of the advertisement is only 25 words longer than the first – so it doesn’t involve significant additional space and cost. However there are noteworthy differences. The first is the use of words like ‘you’ and ‘yours’ that directly engage the reader. There are also considerably more adjectives, or descriptive words, like ‘character’, ‘rare’, ‘modern’, ‘spectacular’. That said, care should be taken not to go overboard with adjectives.

In addition, any features that could be regarded as a negative

REAL ESTATE AGENTS OFTEN HAVE TO WEAR MANY HATS, AND IF YOU BELIEVE YOUR COPYWRITING IS NOT UP TO SCRATCH, IT CAN PAY TO OUTSOURCE YOUR WRITING NEEDS.

are portrayed in a positive light. For instance, the home’s vast range of heating/cooling appliances, which could easily ramp up power bills, are described as offering year-round comfort.

Cut through the competition

Real estate agents often have to wear many hats, and if you believe your copywriting is not up to scratch, it can pay to outsource your writing needs.

Professionally prepared copy is a sound investment, but ‘cut through’ copy isn’t just about boosting sales, listings and enquiries. It can also cement your agency’s reputation as a professional source of reliable information, leaving buyers and vendors alike happy to refer your services to others. When that happens, quality, professionally written copy has truly paid for itself.

Nicola Field is a director of Corpwrite Australia, a cost-effective, professional writing agency offering extensive experience across the property industry. Contact Corpwrite on (02) 9997 7492 or visit www.corpwrite.com.au ♦

Making headlines



BY MATTHEW HART

GETTING INTO THE MEDIA REQUIRES TIME, EFFORT AND AN UNDERSTANDING OF HOW TO BEST WORK WITH JOURNALISTS.

No matter what the subject – from the Prime Minister's performance and climate change, through to celebrity dalliances and sporting triumphs – chances are your opinion was influenced by the media.

Newspapers, radio stations, internet sites and television stations can wield enormous power in raising awareness of the good and the bad among the general public.

Real estate industry professionals are no strangers to the power of media; their advertising fills many pages of their local newspapers.

But real estate agents are increasingly graduating to the front of the newspaper and appearing in the news pages as well.

These agents are commenting on interest rate movements, the local property market, housing trends and a range of other topics.

This free coverage isn't about selling a particular house or unit, but helps elevate the agent's position as an expert in their field, and as an ethical, knowledgeable and professional business person.

People who have watched a lot of 'foot in the door' journalism courtesy of *Today Tonight* and *A Current Affair* are often wary of coming into contact with journalists. They feel that journalists will only say bad things about them and portray them unfairly.

At the same time, people who are the subject of news stories have

no control over when the story may appear or the story angle.

But positive media coverage can have a wide reach, provide third-party endorsement and credibility, and influence how existing and potential clients perceive you.

Getting into the media requires time, effort and an understanding of how to best work with journalists.

A working relationship with a journalist is different to the normal business relationships agents may be used to. But if you are going to play in the media game, you need to understand the rules.

Understanding the media

The first thing to remember is that not all media outlets are created equal. This means that what is of interest to your free weekly newspaper may not be of interest to your local radio station. Every media outlet has its own audience and journalists at that media outlet write for that audience.

Working with journalists is about establishing a good working relationship where journalists know they can count on you for a catchy quote, information or a photo.

Journalists are busy people working in a stressful environment with strict deadlines. Newspapers have to be filled with stories, radio and television shows must go to air. Journalists appreciate people who don't waste their time, get to the point of the story and respect their deadlines.

A survey of journalists by public relations consultancy BBS revealed that the average journalist received 92 media releases a day. Some

WORKING WITH JOURNALISTS IS ABOUT ESTABLISHING A GOOD WORKING RELATIONSHIP WHERE JOURNALISTS KNOW THEY CAN COUNT ON YOU FOR A CATCHY QUOTE, INFORMATION OR A PHOTO.

newspaper chiefs of staff received more than 500 media releases! They get flooded with a lot of information and story ideas and you have to make sure yours is meaty enough for them to take notice.

Relationships matter

Journalists all have a book of contacts they know they can call on for their stories. Your mission is to make it into that book.

A pre-existing relationship with a journalist greatly increases the chances of them reading an email or media release because they know that in the past you have been useful in providing a story.

The BBS Media Survey found that up to 73% of journalists said they would be more likely to read a media release if they knew the sender.

You can form a good relationship with a journalist by:

- reading their articles;
- understanding what they like to cover;
- respecting their deadlines;
- being good 'talent' (being available, having something interesting to say);
- understanding that they have a job to do and that the story may not turn out how you would want it;

- understanding that a media story is not a blatant advertisement; and
- never asking to see a journalist's story before it is printed or aired.

What am I doing that is newsworthy?

This is the most important question to ask yourself before approaching a journalist. And if you don't have the answer, don't pick up the phone.

News can be a tricky thing to define but as one journalist put it, news is "anything that affects the day to day life of the average punter". This shows that people want to read, listen or watch news stories about things which impact them – either negatively or positively. For example, if the government announced that one person in Australia would face increased tax, few media outlets would care. But if those tax hikes were for everyone in Australia, all media outlets would cover it. The greater the impact, the greater the news.

Other factors can also help make a good news story:

- something new, something big;
- timely information – such as milestones and events;
- figures and statistics;
- comparisons – here to there, us to them;
- connections, patterns, trends, topical issues;
- people and personalities; and
- great visuals or photo opportunities.

For real estate agents, this could translate to stories on:

- the local property market;
- price records;
- profile of a historic/quirky house;
- topical local issue
 - urban renewal, affordability, environmental sustainability;
- human interest story – people in your agency doing unusual things; or
- awards and competition wins.

When things go bad

When people become the subject of a potentially negative story (eg customer complaints etc), they often think it is best to avoid journalists, turn off their phones and hope it all blows over.

However, another school of thought is that while you might not be able to make the journalist write a 100% positive article, you can at least have the opportunity to respond and inject balance into the article.

After all, you can't complain about an article if you rejected the opportunity to have input.

Should you ever be in this position, take a moment to think about how best to respond and how your response, or lack of response, may be perceived.

Action time: how to approach the media

Journalists are less likely to contact you out of the blue (unless you've done something wrong), so it is up to you to make the first step.

Think about what media outlets your target audiences access – are they likely to read a particular newspaper, listen to a particular radio station or visit a particular website.

Look at what that media outlet covers and think about whether you have anything which might fit the bill.

Before approaching a journalist, be clear what the story is that you are offering. Are there facts and figures you need to supply to support the story? Are there images or vision which could assist? Are there other people the journalist could talk to as well?

Once you have a clear story in mind, identify which journalist to talk to. While some journalists cover a range of general news, others cover specific rounds such as property and real estate.

Source the journalist's contact details, send them an email or give them a call.

Be clear, concise and cut to the chase.

And don't be discouraged if the journalist isn't interested in your story the first time. Ask the journalist what stories they are interested in and stay on the lookout for other newsworthy opportunities.

This way, you can start to build a mutually-beneficial working relationship with the media.

Matthew Hart is a former journalist from The Courier-Mail and is now a Director of Public Relations consultancy BBR, with clients including Eagle Boys Pizza, Delfin Lend Lease, Early Learning Services, and Retail Food Group. For more information visit www.bbrpr.com.au or call (07) 3221 6711. ♦



BRIAN BERTOLIN AND TONY SANTOLIN FROM GRIFFITH
REAL ESTATE USE YOUTUBE AND FACEBOOK TO
PROMOTE THEIR AGENCY (SEE P16-17)

A photograph of a man with short brown hair and blue eyes, wearing a white button-down shirt, smiling warmly at the camera. He is seated at a table in what appears to be a cafe or office setting. In the background, another person is partially visible, and the scene is brightly lit. The text 'ENGAGE' is overlaid in large green letters, and 'your market' is overlaid in black lowercase letters below it.

ENGAGE

your market



GE



BY ROSLYN ALDERTON

ONLINE TECHNOLOGIES ARE
CONNECTING PEOPLE WITH
PROPERTY IN NEW AND
EXCITING WAYS.

TAKE ADVANTAGE OF THE
LATEST TRENDS
TO IMPROVE YOUR
MARKETING AND ENHANCE
YOUR PROFITS.

ONLINE AND WIRELESS TECHNOLOGIES ENABLE GRIFFITH REAL ESTATE TO CONDUCT BUSINESS IN A 'CAFE-STYLE' OFFICE



FACEBOOK AND YOUTUBE

LOTS OF AGENTS THINK IT'S A GOOD IDEA TO GET ONTO FACEBOOK AND YOUTUBE. THE PROBLEM IS: WHAT DO YOU ACTUALLY PUT ON THE WEBSITES?

Griffith Real Estate is among the leading NSW agencies when it comes to using the latest online technologies. The approach of this country agency is to keep the content entertaining. They don't have someone sitting and talking to a camera. Instead, they are out and about, taking videos of auctions and getting comments from people on the street.

For example, anyone who visits the Griffith Real Estate home page is immediately greeted by a large picture from their latest YouTube video, with the words "Are you in this video??"

“TO BE PERFECT IS BORING,” TONY SAID. “IF YOU TRY TO BE PERFECT, PEOPLE ARE JUST NOT INTERESTED. THEY WANT TO SEE REAL PEOPLE.”

“People are curious. We try to appeal to their curiosity,” explained the agency’s Principal Tony Santolin.

The video was taken by a professional videographer at a recent successful auction. A funky soundtrack plays in the background of the video, which is 3 minutes 42 seconds long and has been edited to include comments from the sales agent, the vendor, potential purchasers and the auction itself.

Interestingly, the video includes a couple of comments from potential purchasers who appear to be unimpressed with the property. So why didn’t Griffith Real Estate edit out the ‘negative’ comments?

“To be perfect is boring,” Tony said. “If you try to be perfect, people are just not interested. They want to see real people who maybe stuff up but are human.”

One of the significant benefits of the video is that anyone who appeared in it is likely to want to see themselves – and potentially show it to their

friends and colleagues as well. Having the video on YouTube means it can easily be emailed so that the message can spread quickly.

In the same way, Griffith Real Estate uses a Facebook group to engage with potential vendors and purchasers. Their group currently has 51 members who can communicate with each other, view previous YouTube videos and see fun ‘social’ photos of the agents – such as pictures from the agency’s Christmas party, a paintball day and a local barbecue.

Their use of technology and their bold, tongue-in-cheek marketing earned the agency a place as a finalist in the Innovation Category for the 2008 REINSW Awards for Excellence.

Tony said that while it was important to remain professional and achieve excellent sales results, the agency also enjoyed a reputation for being youthful and enthusiastic.

“Even if we have older people in the office, we are young at heart,” Tony said.

“We love change, we embrace it. That’s our attitude. We have realised that we have got to keep moving. We keep evolving, keeping it fresh and edgy ... What’s relevant this minute won’t be tomorrow. We’re trying to put something on the internet that people will want to look at.”



DIGITAL SCREENS

DON'T LET AN OPPORTUNITY WALK BY!

Digital screens are the latest way to gain maximum impact from your window display. The stylish screens instantly create a clean, professional look for your agency and are specifically tailored to your agency’s branding.

Digital screens can do more than just show pictures of properties for sale. Here are some tips from Splash Displays to maximise the potential of these cutting edge window displays:

Make the screens interactive

Prospective vendors or purchasers can use a touch screen to choose their price range and view the properties relevant to them. They could simply be walking past on their lunch break and, out of curiosity, start looking at the properties in the area.

It’s like having the internet in your window.

“It’s probably more of a listing tool than a selling tool,” said Geoff Pickering, Principal of Raine and Horne Manly, who recently installed a touch screen in his agency’s window.

“We asked for a market appraisal section to be put on the homepage. [Prospective vendors] can see what we have listed and think ‘they have a few properties like ours’.” They can then use the touch screen to enter their name and email address or phone number to request a market appraisal.

Another benefit of the interactive screens is the ability to choose which properties to view. Geoff said most people don’t have much time to browse a window display, as they are usually just passing by when it attracts their attention.

“If they are looking for a particular price range or a particular property, it could be 10 minutes before it comes up,” he said. “That’s why we went with the touch screen. People can go straight to their price range or straight to their location. It offers a variety of ways of searching for a property.”

Show video tours

If you hire a professional videographer to create a video tour of a property, you can have the tour displayed on the digital screens in your window. Not only do videos capture and hold attention, they help prospective purchasers get a sense of what it’s like to walk around in a property.

Link to realestate.com.au and domain.com.au

You don’t need to upload all the property information separately to the digital screens – they can retrieve all necessary information and photographs from realestate.com.au and/or domain.com.au. You only need to select which screen you want the property to be viewed on, if you have more than one screen.

Google maps

Your potential vendors and clients can easily locate the properties by accessing Google maps on the screen.

Promote local businesses

Digital screens can provide you with an opportunity to promote local services such as mortgage brokers or tradespeople. If you want to, you could charge for the advertising to help recoup the cost of the screens. Or else you could provide free promotion for local charities or sporting events – it’s up to you!

To find out more about digital screens, visit www.splashdisplays.com.au





VIDEO TOURS

BY PAUL CARTER

WHEN USING THE INTERNET TO PROMOTE A PROPERTY, THERE ARE A RANGE OF VISUAL SOLUTIONS AVAILABLE TO HELP GENERATE AND BUILD THAT ALL-IMPORTANT FIRST IMPRESSION.

Buyers are increasingly looking for a way to bridge the gap between exploring a property remotely and exploring a property in person. They want to somehow experience what it's like being there, without being there (yet). That way, when they choose to get in the car they're confident it's going to be time well-spent.

So what tools are there to bridge this gap and amplify that first impression, engaging buyers on an emotional and intellectual level? Below are some of the solutions that are currently available.

Animated Slideshows

Some companies give photographs a 'step-up' by having them made into animated slideshows: with slowly zooming images (often referred to as the Ken Burns effect), music and voice over. Such combination of elements can trigger greater emotion and therefore be more engaging.

Video tours

Some have taken a further step-up by having video footage taken on the

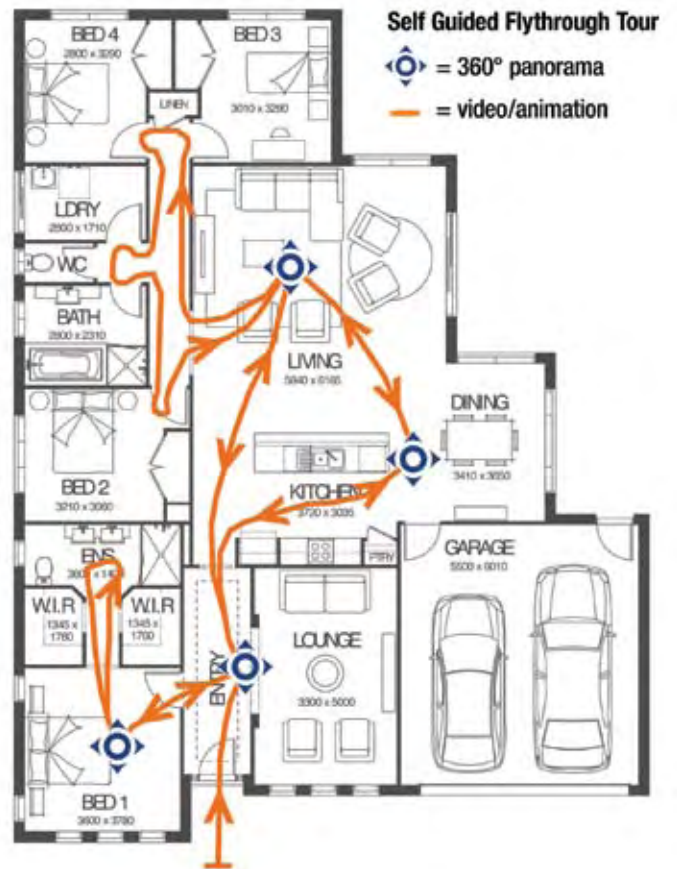
[BUYERS] WANT TO SOMEHOW EXPERIENCE WHAT IT'S LIKE BEING THERE, WITHOUT BEING THERE (YET). THAT WAY, WHEN THEY CHOOSE TO GET IN THE CAR THEY'RE CONFIDENT IT'S GOING TO BE TIME WELL-SPENT.

property, which is then also edited together with music and voice over. In some cases a presenter or even the agent themselves talks about the property in front of the camera. These can generate a stronger impression because things are actually moving and more 'real'.

What about something that allows the buyer to have some control over the experience, instead of just watching passively?

360° virtual tours

360° panorama tours have been around since the mid 90's. Their intended appeal is that the buyer has control and can see things 'in the round'. This allows for a greater understanding of overall perspective, which in turn can generate a stronger attachment.



Some would argue however that 360° panoramas can go too far in some cases and this may be true. Not all homes are best shown in this way, particularly if images are of poor quality.

But for a home that can be given justice with the use of panoramic images, the impact can be strong,

especially given the buyer has a greater sense of control.

Self Guided Flythrough Tours

At the extreme of bridging the gap are Self Guided Flythrough Tours, which are suited to premium property, new developments, display homes/apartments or where nothing exists at all.



A 3D PANORAMA OF A VIRTUAL TOUR

A Self Guided Flythrough Tour is in effect a complete tour of a home. This is achieved by a series of interlinking 360° panoramas, which allows a buyer not only to navigate from one place to another, but also 'fly' between them and see what it's like on the way, using video. As a result, what can be seen, absorbed and engaged is maximised.

Tim Redway, National Marketing Manager of AVJennings said about their display home Self Guided Tours: "With the ability to virtually walk around and see every aspect of the home, including the outside, people get a real sense of the design and can explore the home any way they wish."

Lend Lease also took this approach when marketing The Montage development in Melbourne, off the plan. In this case the Self Guided Tour was created from a 3D simulation model, and produced for both CD-Rom and the web.

So which is best for which property?

Each of the above solutions has a different price point and tend to align therefore with the value of the property and/or the marketing budget that it might have. Some also take longer to make than others.

"WITH THE ABILITY TO VIRTUALLY WALK AROUND AND SEE EVERY ASPECT OF THE HOME, INCLUDING THE OUTSIDE, PEOPLE GET A REAL SENSE OF THE DESIGN AND CAN EXPLORE THE HOME ANY WAY THEY WISH."

They all have their place, and each agent will find that certain solutions suit according to location, style and personal preference. It's certainly worth trying them all out, given the opportunity.

One thing's for sure though: these types of solutions and technologies will be in more demand as the expectations of an internet-savvy public continue to rise.

Paul Carter is the founder and Managing Director of Captivation Pty Ltd, an innovative multimedia company providing unique interactive solutions for the property and development industries.

For more information about Captivation visit www.captivation.com.

SOFTWARE

BY CRAIG THWAITES

SOFTWARE PROGRAMS ARE INCREASINGLY BASED ONLINE SO THAT YOU CAN ACCESS YOUR MOST IMPORTANT PROGRAMS ANY TIME, FROM ANYWHERE.

We all know the systems we should have in place today – transaction processing, Customer Relationship Management (CRM), business data reporting, connectivity to external portals (realestate.com.au, etc) and synchronisation with other applications (e-mail, calendars, CRM, etc).

What will we need in the future?

The current trend is the increased prevalence of web-based applications. This comes with a range of benefits, including:

- Mobility of hardware: you can take your application with you via a netbook or laptop, a mobile device such as a PDA, or even your mobile phone. This lowers the cost of the hardware you will need to run the software and keeps you and your employees on the road making sales, attending inspections and generally contributing to the vital tasks involved with business maintenance and growth.
- Accessibility: it really is a case of anywhere, anytime with web-based applications. While we don't want to be working 24/7, it is possible when you have access from wherever you are.
- Web evolution: once you are using the web to access your software, you are better placed to take advantage of the next evolution of the internet. Often referred to as Web 2.0, this encompasses Facebook, Twitter, blogs, forums (plus whatever they come up with next!) and opens up a whole new way to communicate with clients and prospects.

This all means greater accessibility when out of the office, but it does have some issues, including:

CAN YOU REDUCE THE NUMBER OF SOFTWARE PROGRAMS YOU ARE RUNNING AND ACHIEVE GREATER EFFICIENCY?

- Security of the data: we are dealing with personal details of clients and transactional information, so it is critical to be very sure that the system we are using is as secure as possible. The providers who do this best will use security protocols already in place for secure banking and credit card transactions.

- Ownership of the data: with the data sitting on a supplier's server, there are potential issues about who owns it and what each party can do with it.

What you can do right now...

The future has a habit of seeming a long way off, but there are a few things you can do to prepare your business right now.

Is it time to equip your business with mobile devices: netbooks, PDA's or web-enabled phones? Do you need to investigate a better internet connection and provider? How good is your data security and back-up procedures? Can you reduce the number of software programs you are running and achieve greater efficiency? Do you, or any of your staff, need training in the programs you currently use?

Remember: it wasn't that long ago we were only using paper files and computers took up whole office floors. Being prepared for the next step in the software evolution will be the key to surviving and thriving in an increasingly competitive market.

Craig Thwaites is CEO of Console, one of Australia's leading providers of Real Estate software solutions for property management, sales management and trust accounting.

WANT TO KNOW HOW YOU COULD SIGNIFICANTLY IMPROVE YOUR BOTTOM LINE? AN ONLINE BENCHMARKING SYSTEM THAT HAS HELPED CAR DEALERS TO DOUBLE THEIR PROFITS IS COMING TO THE REAL ESTATE INDUSTRY.

The motor traders industry has been revolutionised over the past decade by an industry-wide benchmarking system called ProfitFocus – a program that is the inspiration for a similar system soon to be available in the real estate industry.

ProfitFocus had its origins in the early 1990s when Wayne Pearson from Deloitte compared the accounts of 400 motor traders.

Now almost the entire motor traders industry submits their accounts to ProfitFocus and can instantly see how they stack up to their competition.

“They think they are doing as well as they can do,” Wayne said. “Most people want to improve but they don’t have the blueprint.”

Wayne said the accounts of the top dealers have similar characteristics.

“The top 30% of car dealers in the country generate a 2% net profit as a percentage of turnover. The average guys were about half of that, about 1%.

“We train the 1% dealers to become 2% dealers. At each line in the P+L this is what you should look like if you want to be a 2% dealer. If you hit all of these KPIs, you will hit 2%.”

The system has transformed car dealerships and helped many to double their profits. They know exactly how many sales each salesperson needs to make each month, how many repairs their technicians need to make and how long they can keep inventory.

It’s such a simple concept, yet any real estate agent who has

THE SYSTEM HAS TRANSFORMED CAR DEALERSHIPS AND HELPED MANY TO DOUBLE THEIR PROFITS.

submitted figures to benchmarking projects in the past know the time and effort involved in filling in data sheets, followed by a lengthy wait until they receive an industry report.

One of the key reasons that Deloitte’s benchmarking system has been so successful in the motor traders industry is that the accounts are automatically uploaded online and the results are available instantaneously.

“Every time the client closes off their month end figures, it automatically populates their input sheets,” Wayne explained. “They log in [to ProfitFocus] and then immediately the system searches their hard drive for the most recent figures and automatically uploads that straight into our system. This process takes about 20 seconds.”

The motor traders industry is notoriously competitive, so another critical element to the benchmarking tool’s success was security. Car dealers cannot view a competitors’ accounts; they can only compare to groups of 10 dealers or more.

Surprisingly, the benchmarking system has encouraged industry co-operation. There are now 72 ‘performance groups’ that meet every three months, where car dealers compare notes and discuss ways of improving their accounts.

The benefit of industry benchmarking has become more apparent since the global economic crisis hit in September last year.

Deloitte.

Motor Industry Services

ProfitFocus

Industry Overview

Driving dealership profitability

Full Year 2008

A COMPREHENSIVE BENCHMARKING REPORT ON THE MOTOR INDUSTRY FOR 2008 COMPILED FROM DATA COLLECTED ONLINE.

“THE GUYS KNOW EXACTLY WHAT NUMBERS THEY HAVE GOT TO HIT AND HOW QUICKLY THEY HAVE GOT TO HIT THEM.”

“By mid-October the industry knew the impact of the crisis,” Wayne said.

“We had a complete view of the industry, how it had fallen from August to September.

“The dealers could see very quickly if it was just their people that weren’t faring well or if it was the whole industry.

“Through this crisis, we’re running a support service for dealers in trouble. If somebody says ‘I’m

about to go broke and I don’t know what to do’, the guys know exactly what numbers they have got to hit and how quickly they have got to hit them.”

ProfitFocus has now become the inspiration for a similar online benchmarking program for the real estate industry called Real Business First.

REINSW has partnered with Deloitte to launch the program, to help agents across the industry improve the efficiency of their businesses and ultimately increase their profits.

“The bottom line is critical,” Wayne said. “It’s what happens to get to the bottom line that matters.”

To find out more about Real Business First, visit www.realbusinessfirst.com.au

TWITTER

BY GREG VINCENT

TWITTER IS ONE OF THE LATEST SOCIAL NETWORKING TOOLS, PROVIDING USERS WITH 140 CHARACTERS TO SAY WHATEVER IS ON THEIR MIND. IT'S A GREAT WAY OF LETTING PEOPLE KNOW WHAT YOU'RE UP TO!

Here are five ways real estate agents should use Twitter:

1. Twitter is fantastic for sending traffic to your website and blog posts. You could also be Twittering about any new blog posts you've written, real estate videos, new properties listed, any price changes on your current listings, open home times and when you've sold a property.

Also, I would recommend tweeting about local things that are happening within your area. When Tweeting about local issues, try to include the suburb within each of

those Tweets. This should help to build a more localised following and help to identify you as a local expert.

2. Because each Tweet is only 140 characters or less, you can send people across to your website by using <http://www.TinyURL.com> to shorten the web link. It's especially good if you are sending people back to your own blog or website. Having a TinyURL increases your chances of getting retweets.

3. To leverage your social networking, you can also use the Twitter application within Facebook to have your Tweets update your Facebook status. To set this up simply log-in to your Facebook account. Type in Twitter into the search tool bar and follow the simple steps.

4. Use Twitter Search (located at <http://search.twitter.com>)

to search by keyword, topic, location, username, etc. You can search to see Tweets regarding real estate, buying a home, selling a property, etc.

5. Even better still there's a Twitter application called <http://www.NearbyTweets.com>. This site enables people to search more localised content. This could become a helpful application for real estate agents looking for local seller & buyer leads via Twitter.

If you'd like to learn more about using Twitter, I've created a number of step-by-step video tutorials about getting started with Twitter, on a Facebook group called Real Estate Twitterers.

Greg Vincent is a real estate coach. To find out more, visit www.realestateindustrynewsletter.com.au

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REINSW Training Calendar

JUNE/JULY 2009

JUNE

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKEND
1	2	3	4	5	6/7
SYDNEY Experienced Agents Licensing Course	SYDNEY Recession Proof Business Strategies		WOLLONGONG Recession Proof Business Strategies		
SYDNEY Course in Property Practice F/T (starts)	CASTLE HILL Auctioneers Forum				
8 Queen's Birthday	9	10	11	12	13/14
	SYDNEY Profile Building	SYDNEY Commercial CPD Training Day			SYDNEY Course in Property Practice P/T (starts)
15	16	17	18	19	20/21
SYDNEY Maintain Trust Account		SYDNEY Commercial Industrial Real Estate for Residential Agents	TAMWORTH Rural CPD Day	STRATA CPD Conference	
SYDNEY Course in Property Practice F/T (starts)			WARNERS BAY Property Management Forum		
22	23	24	25	26	27/28
SYDNEY Course in Property Practice F/T (starts)	SYDNEY Business Relationship Intelligence		SYDNEY Young Agents Event		
			SYDNEY Experienced Agents Licensing Course		
			ALBURY Recession Proof Business Strategies		
			ALBURY Experienced Agents Licensing Course		
29	30				
SYDNEY Course in Property Practice F/T (starts)	SYDNEY How to have a compliant agency				
TWEED HEADS Protect Your Business	BALLINA Protect Your Business				
					<p>Prices are indicated as member/non-member and GST inclusive</p> <p>All CPD workshops are delivered under the broad learning categories outlined in the Commissioners Guidelines for CPD and will entitle the user to 12 points.</p> <ul style="list-style-type: none"> • 4 hour workshops are delivered under Learning Category 3 with assessment • 6 hour workshops are delivered under Learning Category 2

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JULY

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	WEEKEND
<ul style="list-style-type: none"> ■ 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) ■ Forums \$25/\$50 ■ Maintain Trust Account \$599/\$699 		1	2	3	4/5
		GRAFTON Protect Your Business			
6	7	8	9	10	11/12
SYDNEY Experienced Agents Licensing Course	SYDNEY Business Relationship Intelligence				
SYDNEY Course in Property Practice F/T (starts)					
13	14	15	16	17	18/19
SYDNEY Course in Property Practice F/T (starts)	SYDNEY Recession Proof Business Strategies	PORT MACQUARIE Recession Proof Business Strategies	SUTHERLAND Property Management Forum		
	COFFS HARBOUR Recession Proof Business Strategies	PORT MACQUARIE Experienced Agents Licensing Course			
	COFFS HARBOUR Experienced Agents Licensing Course				
20	21	22	23	24	25/26
SYDNEY Course in Property Practice F/T (starts)		LEADERSHIP AND BEST PRACTICE CPD Conference	MANLY Recession Proof Business Strategies		
			MANLY Experienced Agents Licensing Course		
27	28	29	30	31	
SYDNEY Course in Property Practice F/T (starts)	SYDNEY Under performing staff		ORANGE Rural CPD Day		

Bottom line

You need Real Business First

www.reinsw.com.au



**REAL
BUSINESS
FIRST**

Decision-making styles



BY NIKKI VESCOVI

CHALLENGING PEOPLE MAY JUST BE DIAMONDS IN THE ROUGH. UNCOVER THEIR TRUE WORTH BY DETERMINING WHAT SORT OF APPROACH YOU WILL NEED TO TAKE.

Diamonds do not show all of their beauty as rough stones; instead, they must be cut and polished to exhibit their characteristic fire and brilliance.

In the same way, we might misjudge the true value of difficult clients or frustrating people in the business world. By analysing the type of people you deal with, you can improve your 'business relationship intelligence', reduce your stress and improve your chances of a successful deal.

Take a look at the diamond chart on this page. When we meet people it is can be valuable to understand the facet of the diamond that they are presenting to you. This way we can better interact with them and present information to them just the way they want it.

One important area to understand with each facet of the diamond is the Convincer Factor. The Convincer Factor is the number of times that you will have to

present the opportunity to them before they are convinced to move forward or not.

The Commander

Great to sell to! They make decisions quickly. You need to give them bottom-line results and return on investment.

The Convincer Factor for The Commander is 1-2 times to get the commitment. This is one of the reasons why this is such a preferable group to deal with, even though they can be abrupt and abrasive. They like to have the choice between options, so present them with two options to choose from, rather than the best option, so they have the sense of control of the decision.

The Evaluator

Needs time to make the decision. Rushing them will only drive them further away. Have 10 times more information than you think you will need. They are often introverted and it is difficult to uncover where they stand or what is really motivating them.

They want facts, figures and statistics to back up any decision. Their Convincer Factor is 4-10 times

BY ANALYSING THE TYPE OF PEOPLE YOU DEAL WITH, YOU CAN IMPROVE YOUR 'BUSINESS RELATIONSHIP INTELLIGENCE', REDUCE YOUR STRESS AND IMPROVE YOUR CHANCES OF A SUCCESSFUL DEAL.

to move forward. They also must have time to process and evaluate, so patience is a key ingredient to success with this group.

The Influencer

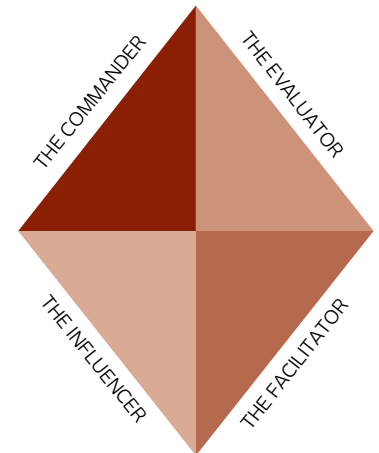
Loves recognition. They are great at starting tasks, but not always great at following through. They love people, stories and anecdotes. They often lose track of time and will get wrapped up in conversations, yet may not generate the result at the end of the conversation.

They may also be somewhat disorganised. Their Convincer Factor is 2-3 times, so next to The Commander they are the next quickest group to move forward with decisions.

The Facilitator

These people are the glue holding things together. They consider everyone that is involved. They also need time to get everyone's buy-in. They are often introverted and you may not always be able to gauge how well things are going with them.

They will want to make sure everyone is considered before moving forward, so this may involve



additional 'hand-holding' meetings to give them time to process everything for all the different parties. They like to hear stories and anecdotes.

Their Convincer Factor is 4-7 times, so next to The Evaluator they will be the slowest to move forward when making a decision.

Knowing who you are approaching and how to approach them can make a huge difference in gaining acceptance. It is also important to know your preferred style as we usually sell



ADJUSTING YOUR COMMUNICATION ACCORDINGLY CAN HELP YOU POLISH THAT DIAMOND IN THE ROUGH AND MAKE IT SHINE.

to people the way we would like to be sold.

Additionally, the opposite facet of the diamond to your preferred style is usually the most challenging (for example, The Influencer has the most challenge with The Evaluator). You may also find that you have a challenge with your own facet (for example, The Commander to The Commander). The trick here is to know what the other individual values most and what motivates them, so the proposition can be positioned in those terms.

The first step to improving your business relationship intelligence

is to take a step back before responding or presenting your ideas to consider if you have approached this person according to the facet of the diamond they are presenting to you. Have you presented the right information to this person? Have you given them the right amount of time to consider their decision? Have you taken into consideration their Convincer Factor?

Adjusting your communication accordingly can help you polish that diamond in the rough and make it shine.

Nikki Vescovi is an International Master Trainer who has worked in four continents around the world. With an MBA in Marketing and Management, she focuses on business connections that drive results.

Nikki teaches a course on Business Relationship Intelligence with REINSW Education and Training. To find out more, visit www.reinsw.com.au/training or email training@reinsw.com.au.

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Afraid of losing sales? Beware of falsely promoting property!



BY JODIE MASSON
AND GARRETT FLANAGAN

A RECENT RULING BY THE NSW SUPREME COURT SERVES AS A REMINDER FOR AGENTS TO BE VIGILANT IN THE ACCURACY OF THEIR ADVERTISING AND TO BE CAREFUL IN THEIR HANDLING OF A DEPOSIT.

The NSW Supreme Court made a controversial decision recently in the case of *Zhang v VP302 SPV & Others [2009] NSWSC 73* which has important implications for real estate agents and how agents market properties.

The court ruled that two Chinese property speculators were permitted to walk away from a contract to purchase a \$1.07 million 'off the plan' terraced building in Sydney because of misleading and deceptive conduct by the real estate agent. Both the vendor and the agent were held liable for the return of the deposit.

Background

In September 2003, contracts were exchanged to purchase a property located in a development in Zetland, Sydney known as Victoria Park. The purchasers were two Chinese immigrants who had negotiated the deal with an employee of the local real estate agent.

The property was part of a strata development and completion was to take place once the strata

plan was registered (which was expected to take two years). When the strata plan was finally registered in July 2005, the purchasers failed to complete the transaction claiming that they were induced to enter into the contract by misrepresentations made by the agent and were accordingly entitled to avoid the contract.

The vendor then purported to terminate the contract due to the purchaser's failure to complete and the agent released the deposit that it held as stakeholder under the contract to the vendor.

The vendor went into voluntary administration shortly before the hearing of the court case and did not take any part in the hearing.

Interestingly, the purchasers knew when executing the contract that they would not have enough funds to complete the purchase. However, they claimed that in May 2003, they read an advertisement about Victoria Park placed by the agent in two newspapers stating that the property was located in an area which was acclaimed by the Sydney Morning Herald to be the number one suburb amongst three suburbs in Sydney which were going to double in value in five years.

They also claimed that they met the agent's employee on site on several occasions in September 2003 who assured them that the property would have a higher value by the time settlement was required in two years. This would enable the purchasers to borrow funds to complete the purchase or to re-sell. The agent's employee denied giving such assurances.

Court findings

Although the court was of the view that neither the agent's employee nor the purchasers were entirely reliable witnesses (given the conflicting nature of their evidence), it was not convinced that the agent's employee expressed the assurances as to the likely increase in value as alleged by the purchasers.

However, the court held that the agent did represent (through its advertisements) that Zetland was the leader of three suburbs which would double in value within five years and that it had no reasonable basis for such a prediction, primarily because:

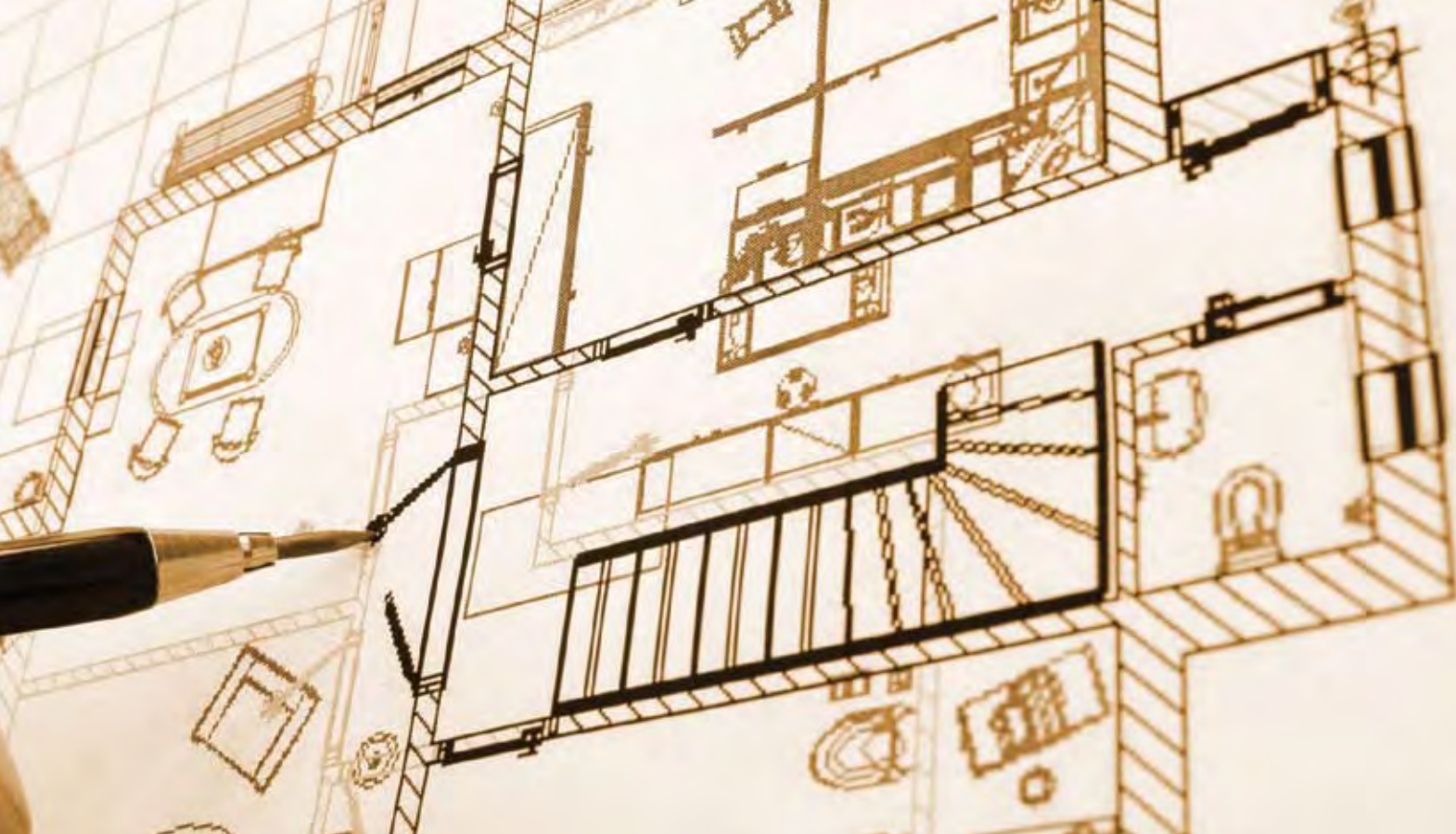
- the article which the agent referred to in the advertisement in September 2003 was in fact published in February 2002 and was well out of date by September 2003 as the property

THE CASE INVOLVED THE SALE OF AN 'OFF THE PLAN' PROPERTY IN SYDNEY.

THE COURT RULED THAT TWO CHINESE PROPERTY SPECULATORS WERE PERMITTED TO WALK AWAY FROM A CONTRACT TO PURCHASE A \$1.07 MILLION 'OFF THE PLAN' TERRACED BUILDING IN SYDNEY BECAUSE OF MISLEADING AND DECEPTIVE CONDUCT BY THE REAL ESTATE AGENT.

market had shown substantial growth over that period such that by 2003 the supply of apartments in Zetland was in fact saturated;

- the newspaper article did not actually say that Zetland was the primary suburb where values were expected to double in five years. It claimed that all three suburbs would double in value; and
- the essence of the article was that the higher priced new developments would increase



the values for the suburb as a whole and not that the individual units in the highly priced new developments would double in five years.

Accordingly, the court concluded that the agent had engaged in misleading and deceptive conduct contrary to the *Trade Practices Act 1974 (Cth)* and the *Fair Trading Act 1987 (NSW)*. The court then exercised a power it had under the Trade Practices Act to make an order rescinding the contract (even though the agent who had engaged in the misleading and deceptive conduct was not a party to the contract).

Although there was no evidence to show that the vendor knew of the facts which made the advertisements misleading, the court held that the advertisements were nonetheless published by the agent whilst acting as an “agent” for the vendor. Accordingly, the vendor (acting through its agent) had engaged in misleading and deceptive conduct. As the court ordered that the contract be rescinded, it followed that the deposit should be refunded to the purchasers. Both the vendor and the agent (as stakeholder) were held liable to the purchasers for the return of the deposit.

It is also important for agents to note that the court re-affirmed

the principle that a party holding a deposit as stakeholder is only entitled to pay over the deposit to the person so entitled once the right to legal possession is established. It held that the agents in this case were holding the deposit as stakeholder and were not entitled to pay over the deposit to the vendor simply because the vendor purported to terminate the contract and deemed itself entitled to the deposit on that basis.

Interestingly, the court held that even if the agent was not liable as stakeholder, the agent would have been liable to pay the purchasers an amount equal to the deposit by way of damages for the loss suffered (for contravening the Trade Practices Act).

The court dismissed the claim that the agent’s employee personally engaged in misleading or deceptive conduct by “harassing” the purchasers into signing the contract. The court felt that the purchasers were instead misled into an over-optimistic confidence that property values for Victoria Park would continue to increase.

Finally, the court ruled that if the contract wasn’t rescinded under the Trade Practices Act, it would have rescinded it under the Contracts Review Act 1980

(NSW). This was on the basis that it was an “unjust” contract in the circumstances relating to the time it was made, primarily because the purchasers made it known to the agent that they did not have funds to complete the purchase and were reliant on a significant improvement in the value of the property (induced by the misrepresentations contained in the advertisements) to enable them to complete the purchase or to re-sell. It also noted that the agent’s employee assured the purchasers that the property market in the area generally had shown substantial capital appreciation and that she did nothing to qualify the representations made in the newspaper advertisements.

Implications for agents

This case has quite serious implications for the real estate industry given that the NSW Supreme Court has held that the misrepresentations of a real estate agent can potentially lead to a property contract being rescinded.

Agents need to be extra vigilant in ensuring the accuracy and reliability of all advertising material used not only in their marketing campaigns but also in the negotiation and marketing techniques adopted by individual agents on the ground.

Agents should only give assurances (whether they relate to property values or otherwise) which are based upon fact so as to avoid purchasers being able to walk away from contracts on the basis that they were in some way misled or deceived by the agents into purchasing a property.

The case is also a useful reminder about an agent’s role as a stakeholder under a contract, as distinct to its role as the vendor’s agent. An agent should only release a deposit if the agent has:

- written authority from both the vendor and the purchaser; or
- a direction from the court (where there is a dispute between the parties).

If a stakeholder releases the deposit without the appropriate authority or direction, then the stakeholder may be liable for the return of the deposit to the party legally entitled to the deposit (as occurred in this case).

Note: The agent is appealing the court’s decision. At the time of writing, no date had been set for the appeal to be heard yet.

Jodie Masson is a Partner and Garrett Flanagan is a Senior Associate at Middletons Lawyers ♦



JOHN CUNNINGHAM
CUNNINGHAMS PROPERTY

How to grow your business

BY ROSLYN ALDERTON

JOHN CUNNINGHAM ACHIEVED IMPRESSIVE GROWTH FOR HIS AGENCY ON SYDNEY'S NORTHERN BEACHES WHEN HE STOPPED BEING A SALESPERSON AND CONCENTRATED ON BEING A TEAM LEADER.

THE AWARD-WINNING AGENT SHARES THE SECRETS OF HIS SUCCESS.

Cunninghams Property in Balgowlah grew their sales by 45% in 2006 and 2007 while their local market grew by less than 10%.

During that time, the agency's founder and Principal John Cunningham had a health issue that caused him to unexpectedly take three months off – and his business achieved the biggest three months for sales they ever had!

How did John manage to achieve such success for his agency that it could continue to grow even when he wasn't around?

It was all part of a plan to ease himself out of being a salesperson and instead focus on managing the business.

By stepping aside from the day-to-day sales tasks, John was able to concentrate on the agency's systems, staff, training, marketing and goals.

His efforts have paid off, and not just through the agency's rapid growth. Last year Cunninghams

Property won a trifecta of awards: the REINSW Award for Excellence for Large Residential Agency, the True Local Business Award for the area and the Real Estate Results Network Agency of the Year.

Here are the key areas of focus that have enabled John to grow his business.

Be a leader, not a salesperson

John credits former FIABCI Australia President Philip Webb with challenging him to change his role at the agency.

"[Philip] just said to me: 'You are either a business owner or a salesperson'. I decided then in 2000 or 2001 that I would have a five-year plan to move out of that sales role and move into a team leader role," John said.

The transition was not easy, particularly when John was so directly involved with the agency's revenue stream.

"At the time I was producing more than half the income of the agency," he said. "The stress levels were higher. I needed to make a change ... I decided to build a strong team and the right systems."

The sharp increase in the agency's income in 2006 was the first year that John had completely stepped away from the sales role.

"All of a sudden we had such high-level people, such high-level

training," he said. "I concentrated on mentoring and leading the team, on deal support and one-on-one training within the team ... The philosophy is 'success through others'."

Stepping away from the day-to-day sales of his business also enabled John to join the REINSW Board of Directors, where he has been using his experience to benefit the wider industry.

Invest in your staff

John recognised that in order to grow his sales, he needed to have the best possible team. While some Principals try to save money by cutting back on training, John invests heavily in training his staff.

"Most agents do about 90% the same," John said. "They appraise property, they market property, they sell property. We all do that. The way that we do it is the differential point."

He concentrates on the three most important 'moments of truth' during the sale process: getting an appraisal, winning the listing and closing the deal.

"What gets salespeople in the field to do the things that they need to do?" he said. "How are they going to lift their strike rate?"

As well as intensive training, he also pays his staff well on high performance levels.

By stepping aside from the day-to-day sales tasks, John was able to concentrate on the agency's systems, staff, training, marketing and goals.

"Our biggest expense is the team," John said. "Our wages bill is massive. We have a lot of support staff as well. Our expenses might be higher, but one of our points of difference is our back-up team."

He has also employed a full-time Operations Manager, who looks after the day-to-day running of the business so that John can concentrate on the 'big picture' of the agency.

Take your brand seriously

John also invests much time and money into his marketing.

In 2007, Cunninghams Property underwent a major brand re-fresh. All of the agency's marketing material changed over within a week – the shopfront, the website, pamphlets, business cards and advertising.



AN EXAMPLE OF CUNNINGHAMS PROPERTY'S BRANDING STYLE

"We instantly saw a change in our market place with our re-branding," John said. "The response was phenomenal. Within months our average sale price increased by 10%. The market wasn't increasing by 10%."

The re-branding process helped John and his team to think about how they wanted their agency to be perceived in the market place. It also helped them think about the way they target their marketing material and ensure consistency in their message.

"People think: 'It's just a logo'. That's a big mistake," John said. "Understanding branding is critical if you are going to progress. Before we never really took a lot of notice about our branding. Now in every piece of marketing that we do, we look at brand identity."

Manage cashflow and don't use an overdraft

The high staffing and marketing costs for Cunninghams Property require a constant flow of new listings to meet the expenses.

"It's not a business that can have a bad month," John said.

He refuses to use an overdraft and has instead maintained a 'rainy day' fund since he opened his business in 1991.

"It's been dipped into probably twice," he said. "That's not an issue – it's what it's there for. It

was during a period of really high investing in the business."

Cunninghams Property also maintains almost 100% vendor paid advertising.

"It's a cashflow issue," John said. "We could have an advertising bill of \$150,000 in a month. It's got to come from somewhere."

To assist with managing his agency's accounts, John joined a group of independent real estate agencies from across Australia and New Zealand. This gave John the opportunity to compare notes with other like-minded agents and benchmark his business, which in turn has helped him find ways of making his agency more profitable and efficient.

Don't be afraid of new technologies

Not everything has gone to plan for Cunninghams Property. The agency's website will soon be re-launched to improve on a version launched in 2007.

"We wanted to have a really informative website with lots of information," John said. "It was too complicated. We spent a lot of money and thought it was wonderful. We have all this stuff there – and people don't read it. We are re-designing our website this year to get back to the absolute basics."

The process has been a learning experience for John, who now

has a better understanding of how websites function and what engages consumers. He will take advantage of some of the latest online trends with the next version of the website.

"We are going down the blog line," he said. "We have just done all our video profiles for YouTube."

The key to new technologies, as John sees it, is "innovation without gimmicks" and he's not afraid to take the risk of trying something new.

Have the highest integrity

Underlying everything that John does is a commitment to integrity.

While this is a genuine ethic for John, it also makes good business sense because it ensures high standards throughout the agency.

Cunninghams Property recently undertook a REINSW Compliance Review which identified areas of improvement. The agency also employs a staff member who spends half her time on compliance. "It's costing me \$25,000 a year [in wages] just on compliance," John said.

John also has a strong commitment to his family – his wife and business partner Ann and their two grown-up children.

"I regularly take 10 weeks off a year in holidays," John said. "I rarely

work Saturdays. I never work on a Sunday."

The agency also has close ties with the local community, taking part in school and sporting events and sponsoring the Queenscliff Surf Life Saving Club.

"The future is really going to be about the services," John said. "How does your brand filter into the community? We have positioned ourselves as community agents."

The agency started with just three staff and has now expanded to 24. So where next for Cunninghams Property?

"I have been approached to franchise," John said. "I'm just not interested. It could happen – it's not out of the question [but] there's no urgency to do it. We are very happy with what we do, not empire building."

His main focus is to continue to mentor and train his team.

"Having done sales for 30 years, you can get jaded," he said. "I have taken the team up to such a high level that they are now better than me ... I'm there to support them and help them.

"The satisfaction that I'm getting now is the satisfaction of the team's performance and seeing them all achieve to the best of their abilities." ♦

Sign before you sign?



BY DAVID SMALL

MAKE SURE YOU HAVE A SIGNED AGENCY AGREEMENT BEFORE YOU START ADVERTISING A PROPERTY FOR SALE.

When an agent is enlisted with the sale of a vendor's property it is important to ensure that the agent has a written authority to act before proceeding with the sale.

While a vendor may be impressed by a conscientious agent showing initiative, an over zealous agent runs the risk of not being paid if they fail to have an agency agreement signed before any marketing is undertaken.

Section 55 of the *Property, Stock & Business Agents Act (PSBA Act)* clearly states:

A Licensee is not entitled to any commission or expenses from a person for or in connection with services performed by the Licensee in the capacity of Licensee for or on behalf of the person unless the services were performed pursuant to an agreement in writing (an agency agreement) signed by or on behalf of the person and Licensee.

Apart from the obvious breach of the PSBA Act requirements,

THE PURCHASER SUGGESTS THAT THEY BY-PASS DEALING THROUGH THE AGENT TO AVOID THE VENDOR HAVING TO PAY COMMISSION.

promoting a property for sale without an agency agreement in place is clearly fraught with danger.

Try and imagine a scenario where an agent is given verbal authority from a vendor to list a property for sale and then proceeds to erect a For Sale sign before having an executed agency agreement in place.

Next thing, a prospective purchaser is driving past the home of their dreams when the sign catches their eye. Without hesitation the purchaser stops the car and approaches the owner who just happens to be out in the garden. After a short discussion, the vendor innocently offers to show the purchaser through the property.

By this point the purchaser has made up his mind and without

hesitation starts negotiating directly with the vendor. While the vendor is adamant that they will not budge from their asking price, the purchaser suggests that they by-pass dealing through the agent to avoid the vendor having to pay commission.

Although the vendor had not considered this option, it comes to light that as no agency agreement has been signed, the vendor has absolutely no obligation to pay one cent of commission to the agent.

The vendor and purchaser then reach an agreement on price and the deal is secured. The vendor then advises the agent that they have sold the property themselves and instructs the agent to remove the sign immediately.

While the agent is completely unhappy with the chain of events, they also realise that with no signed agency agreement, they have no right to claim a commission from the vendor.

To rub salt into the wound, the agent then becomes aware that the purchaser was in fact listed on their database.

WITH NO SIGNED AGENCY AGREEMENT, THEY HAVE NO RIGHT TO CLAIM A COMMISSION FROM THE VENDOR.

To avoid situations like this from happening, it is vital that as an agent you take precautions and have procedures in place. You need to ensure that you follow the procedures in correct order and not overlook any of the steps.

Put simply, the failure to carry out one of the steps could lead to not getting paid your commission.

David Small is an experienced real estate agent and property manager, who works in the REINSW Agency Services team.

If you have any further questions on this topic or any other aspect of agency practice, call the free REINSW Member Helpline available exclusively to members on (02) 9264 2343 or email helpline@reinsw.com.au ♦

PROPERTY MANAGEMENT: Breaking a lease?



BY ANN BANISTER

WHAT ARE THE IMPLICATIONS OF A TENANT OR LANDLORD WANTING TO BREAK A FIXED-TERM RESIDENTIAL TENANCY AGREEMENT EARLY?

A tenant and landlord can always come to a mutual decision to end a residential tenancy agreement early.

If mutual agreement can't be reached, a fixed term agreement can't be unilaterally terminated early by either party giving a specific period of notice. If a tenant wants to end their tenancy agreement early they should, however, give as much notice as possible.

The outgoing tenant has an obligation to pay rent until a new tenant is secured or until the existing agreement runs out (whichever happens first). If the new tenant pays a lower rent, the outgoing tenant may still be liable to pay the landlord the difference between the original rent under the agreement and the new (lower) rent.

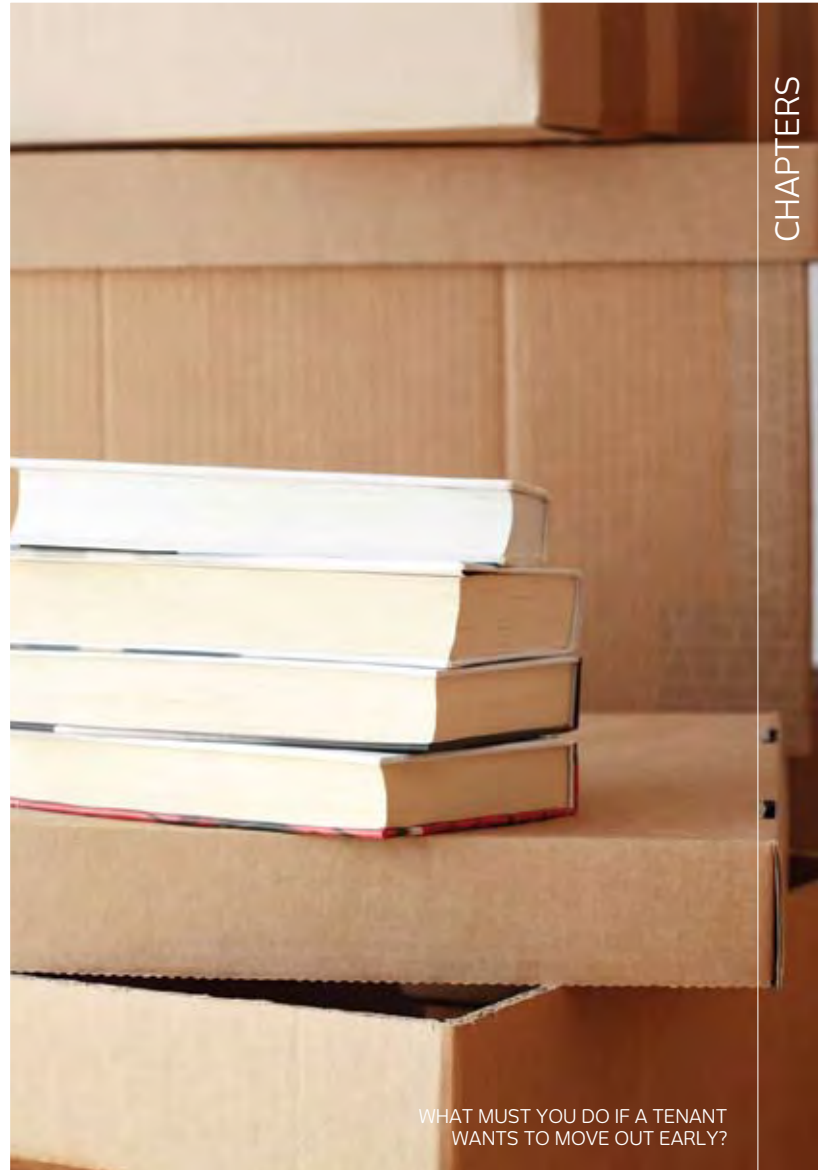
In addition to this, the tenant may also be liable for the costs incurred by the landlord in the re-letting process (including advertising costs and letting fees). It is important to note, however, that the closer you are to the end of the fixed term

agreement, the less likely the landlord will be able to recover the full advertising and letting costs. The Consumer, Trader and Tenancy Tribunal (CTTT) takes the view that the property would have to be re-advertised at the end of the fixed term anyway, so the amounts claimed by the landlord are often reduced.

There is also a requirement upon the landlord to mitigate (minimise) the loss incurred when a tenant abandons the property. If a landlord can take steps to mitigate his loss and doesn't, he may not be able to recover that loss from the tenant. It is also important to understand that the duty on a landlord to mitigate loss commences from the date of abandonment of the property by the tenant, not the date upon which the tenant first gives notice that they are intending to leave.

For a landlord without a tenant's agreement, trying to terminate a fixed term agreement before the expiry of the fixed term is difficult and they would ordinarily have to seek an order through the CTTT.

In the absence of any breach of the agreement by the tenant, the CTTT would probably only



WHAT MUST YOU DO IF A TENANT WANTS TO MOVE OUT EARLY?

IT IS UNWISE FOR A LANDLORD TO FINALISE ANY NEW RESIDENTIAL TENANCY AGREEMENT WITH A NEW TENANT UNTIL VACANT POSSESSION BY THE OUTGOING TENANT IS ASSURED.

make an order terminating the agreement if it was satisfied that the landlord would otherwise suffer undue hardship if the agreement was not terminated. The CTTT may also make orders that the landlord pay the tenant compensation for the tenant's loss of the tenancy.

A tenant is also able to argue undue hardship and can, in certain circumstances, also seek

to have a fixed term agreement terminated early.

It is unwise for a landlord to finalise any new residential tenancy agreement with a new tenant until vacant possession by the outgoing tenant is assured. If the outgoing tenant does not abandon the premises, or delays departure, the landlord can find himself liable to pay compensation to an incoming tenant due to the fact that the landlord is unable to give vacant possession of the premises.

Ann Banister has more than 15 years' experience as a licensed real estate agent, specialising in property management. She now works with REINSW Agency Services.

If you have any further questions on this topic or any other aspect of agency practice, call the free REINSW Member Helpline available exclusively to members on (02) 9264 2343 or email helpline@reinsw.com.au ♦

Arrears and insolvency



BY LARESA KOSCHARSKY
AND SCOTT McDONALD

IN THE CURRENT FINANCIAL CRISIS IT IS UNFORTUNATELY BECOMING INCREASINGLY COMMON FOR COMPANIES TO BECOME INSOLVENT OR GO INTO VOLUNTARY ADMINISTRATION. LANDLORDS NEED TO BE AWARE OF THE WARNING SIGNS AND UNDERSTAND THEIR RIGHTS AND OBLIGATIONS IF A TENANT DOES BECOME INSOLVENT.

Insolvency of a corporation is the inability to pay all its debts as and when they become due and payable. Section 95A Corporations Act 2001 (Commonwealth)

It is often hard to determine whether or not a company is insolvent. In some cases it can be determined by a simple cash flow analysis. However it is important for landlords to remember that insolvency does not include temporary illiquidity, and the failure to pay rent on a single occasion will not necessarily mean your tenant is about to be wound up.

Is your corporate tenant insolvent?

It is rare to have a tenant who has not, at one stage or another, failed to pay rent on time. But how do you really know if a tenant is about to become insolvent? Other warning signs are tenants who:

- pay unreconciled amounts of rent out of time;
- have had winding up applications

made against them (this is easily ascertainable by an ASIC search);

- have no access to further funds;
- have outstanding ATO payments; or
- have an inability to produce precise financial information, budgets or forecasts on request.

What happens if a corporate tenant has had an administrator appointed?

In most cases, a tenant will decide on its own behalf via a resolution of its board to appoint an administrator.

An administrator will take control of the tenant's business, property and affairs for the purposes of deciding whether or not the tenant should continue to trade or be placed in liquidation. The administrator will be liable for the rent incurred during the administration period.

During the administration period, a landlord cannot take possession of the leased property without the administrator's consent.

An administrator has been appointed, what do I do now? Keep in touch with the administrator during this period and advise the administrator of any outstanding rent or other expenses owed by the tenant to the landlord.

Submit a Proof of Debt to the administrator which includes reference to all the outstanding rent and expenses which the tenant owes. The administrator will use this information in deciding what to do with the tenant. It will also entitle the landlord to vote on any resolutions at the creditors' meetings which the administrator holds.

Within 20 business days of its appointment, the administrator will call a second creditors meeting (although it may ask a Court for an extension of time to do this) at which it will recommend to the creditors the course of action to be taken in relation to the tenant.

The only three courses of action which an administrator can recommend to creditors are:

1. The tenant is solvent and should be handed back to its directors.
2. The tenant is insolvent and it should be placed in liquidation.
3. Parts of the tenant's business can be saved and the tenant will be subject to a Deed of Company Arrangement.

Should the landlord attend the creditors' meeting?

Yes. The first creditors' meeting must be called within eight business days of the administrator's appointment. Its purpose is to advise creditors of

the appointment of an administrator and to challenge that appointment if there are grounds to do so.

The second creditors' meeting is more important, but the landlord should attend both meetings in order to meet the other creditors and to ascertain the financial future of the tenant.

A liquidator has been appointed, is that the end of the Lease?

Most likely, yes. The appointment of a liquidator means that the tenant is no longer trading. The tenant is being wound up and it is seeking to realise its assets in order to pay its creditors.

The liquidator will generally be uninterested in incurring or meeting ongoing rent and is able to disclaim contracts such as leases pursuant to s.568(1) of the Corporations Act.

The landlord should be ready for this. If the liquidator hasn't notified you already, write to them to find out what they intend to do with the property.

Under many leases, the appointment of a liquidator is sufficient grounds for termination. If you wish to terminate immediately, put the liquidator on notice that you intend to do so, or put them on notice that the lease will be terminated if rent remains unpaid.

However you will need to consider the actual termination provision within the lease and the notice provisions under the Conveyancing Act 1919.

Most importantly, mitigate your loss and start looking for a new tenant as soon as possible. Also, ensure that you can have recourse to any bank guarantee or other security that might be in place for the tenant's obligations under the lease.

The tenant has had a receiver and manager appointed, what do I do? A receiver and manager can be appointed by a secured creditor (usually a bank), and will continue to keep the tenant trading for the benefit of the secured creditor only.

In order to do this, the receiver and manager will often continue to use the tenant's leased property and is liable for all rent while it does so.

Write to the receiver and manager to figure what it wants to do with the property. In most cases the receiver and manager will continue to pay rent up to a certain time, at which point all liabilities will revert back to the company itself, or the liquidator if one has been appointed.

Communication is the key!

Administrators are around for only a short period of time and

have only a limited right to carry on the business. Nevertheless it is important to keep in touch, as the administrators will be the key to understanding the future of the tenant as a viable trader.

The liquidator is generally not interested in carrying on the business but correspondence is vitally important to understand their position (especially whether they propose to disclaim the lease), and to let them know yours.

The receivers and manager may try to keep the tenant's business alive, at least for a short period. Correspondence is the key to understanding your entitlement to rent during this period, and for how long you can expect to receive it.

It's all about money!

As all administrators, liquidators and receivers and managers are looking for money, beware of calling upon the tenant's security deposit or bank guarantee too soon. Make sure that the tenant's outstanding liabilities equal or exceed the amount called upon, as you don't want any excess amount to be contested or claimed by the liquidator for distribution pro rata to all creditors.

Prevention is better than cure!
It is impossible to eliminate

TENANTS WHO CONSISTENTLY DEFER RENTAL PAYMENTS ARE OBVIOUSLY HAVING CASH FLOW PROBLEMS AND THIS INDICATES A CLEAR POSSIBILITY THAT THEY MAY BE APPROACHING INSOLVENCY.

the risks of a tenant becoming insolvent, however, you can minimise your losses and risks upfront by carefully researching the financial background of not only the tenant but also any parent or holding companies and guarantors. This may require you to order independent reports on the tenant's stability and credit history (e.g Dunn and Bradstreet report).

It also also important to negotiate the terms of the lease to:

- include security which accurately matches the risk of the tenant and the transaction. In particular you should consider the need for

greater security when granting a large incentive which may be clawed back in the event of a default by the tenant or on termination of the lease. Security options for a lease could include larger bank guarantees (six months instead of three months), parent company or director's guarantees or a charge of the tenant's assets or business being operated from the premises;

- require the scope of any bank guarantee to be for "all tenant's obligations under the lease" as opposed to "rental only";
- allow the landlord to determine the conditions under which it will grant consent to mortgage of a lease or a right of entry waiver;
- stipulate in the lease terms that insolvency of the tenant is a breach of a fundamental term of the lease which allows you to terminate the lease and claim any damages for loss.

Laresa Koscharsky is a partner in the real estate team and Scott McDonald is a partner in the Litigation and Commercial Dispute Resolution team at DLA Phillips Fox. They acknowledge the contribution of Senior Associate Richard Chia and solicitor Charles Gregory to this article. ♦

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Responding to arrears

IF A COMMERCIAL PROPERTY TENANT FALLS INTO ARREARS OR GOES INTO ADMINISTRATION, WHAT CAN YOU DO? THREE EXPERIENCED PROPERTY MANAGERS FROM THE REINSW COMMERCIAL CHAPTER COMMITTEE SHARED THEIR ADVICE WITH THE JOURNAL.

The number of tenants falling into arrears has increased this year, particularly in companies related to the finance sector, according to Evan Singer from Preston Rowe Paterson.

"Often they will put rental payments aside while they try to cover other costs which keep their business running, like the phones or the staff. Rents are shifted down the line," Evan said.

"The best thing is to identify it quickly and try to work out if you can get them to continue paying."

Once a tenant falls 14 days into arrears, Evan does more than simply send a computer-generated letter: he gives them a call.

"I believe in personal contact always. A hands-on approach," he said. "That's the best way that you are going to resolve anything."

Some tenants are co-operative while others will promise "yes, it's coming" without providing much assurance of this actually occurring.

"Considering this current economic climate where businesses are not steaming ahead, you have to have a bit of leniency to allow people to correct," Evan said. "You can't look at a commercial tenant and just say 'you are gone'. You can't just find another tenant a month later."

However property managers still had a responsibility to the landlord, Evan said.

"OFTEN THEY WILL PUT RENTAL PAYMENTS ASIDE WHILE THEY TRY TO COVER OTHER COSTS WHICH KEEP THEIR BUSINESS RUNNING, LIKE THE PHONES OR THE STAFF. RENTS ARE SHIFTED DOWN THE LINE."

"It's a balance between managing and resolving arrears before you take action," he said.

Sometimes a tough approach is needed for difficult tenants who fell into arrears, according to Joseph Gambino from The Edge Property Agency.

"With the difficult tenants, after failing to pay their rent for 14 days, or whatever period is stipulated in the lease agreement, you need to warn the tenant in writing, advising them that they are in breach of their lease and that the owner has the right to terminate the lease, and re-enter and take possession of the premises," Joseph said.

"If they don't pay, then I try to speak to them. If I don't get any response, I organise a security guard and a locksmith ... sometimes you need to adopt a hard line. The hard line is to lock them out and take possession of the premises.

Before changing the locks, Joseph always seeks permission from the owner and from the owner's legal representative.

He makes sure that he is on the premises at the time when the

lessee shows up for work, to discuss the situation with them. This strategy has almost always resulted in the tenants paying their rent and arrears and resuming trade.

"I have only had one instance where the lessee hasn't bothered to come back and get their possessions," Joseph said.

He said that tenants who were unhappy about the lockout could apply for an injunction in the Supreme Court, however such legal action is time-consuming and expensive.

Sometimes, though, there is little warning that a tenant is having financial difficulties.

Barry Johnston from Balmoral Partners recently found out a tenant had gone into voluntary administration when he received a letter from the administrator. The news was a surprise, as the tenant was not behind in their rent.

"[The administrator's letter] basically advised us that they wish to exercise the property rights in regards to the premises," Barry said. "They took on the responsibility of paying the rent. I rang the administrators and I said: 'What's going on? This is news to us.'"

Barry also rang the tenant, who explained that business was down, they were carrying the cost of plant and equipment and couldn't afford to pay. They had taken steps to cut costs but there was still a lot of debt within the business. They estimated it would take four weeks to work out a deal with their creditors.

"They gave us a fairly strong level of confidence that they were doing everything within their powers to trade through this," Barry said.

IT'S UP TO YOU AS TO HOW SUPPORTIVE YOU WANT TO BE. IF YOU ARE NOT SUPPORTIVE AND START CREATING A LOT OF ISSUES, [THE TENANT] MIGHT NOT WANT TO STAY.

"I did get some advice. The advice was: 'It's up to you as to how supportive you want to be. If you are not supportive and start creating a lot of issues, [the tenant] might not want to stay.' I took the view that I'm better off to work with them."

Fortunately, rent continued to be paid, the creditors accepted an offer from the administrators, the company was handed back to the control of the directors and a new lease was signed.

Not all stories have such happy endings.

Joseph Gambino had a tenant who moved in before Christmas.

"It was a fantastic company with offices all over Australia," he said. "Last month one of their major clients went into administration owing our tenant a lot of money. Subsequently our tenant went into administration as well because they couldn't pay their bills. Now we have an empty office space."

In any circumstance of arrears, it is always valuable to seek legal advice. And above all, it is important to keep the property owner informed.

"It's the landlord's decision," Evan Singer said. "It's our job to advise them and make recommendations." ♦

Rich reward

CONGRATULATIONS TO RICH HARVEY FROM PROPERTYBUYER.COM.AU WHO WAS AWARDED BUYER'S AGENT OF THE YEAR BY THE REAL ESTATE INSTITUTE OF AUSTRALIA (REIA).

The most outstanding property professionals in Australia have been honoured at the REIA National Awards for Excellence at the Plaza Ballroom in Melbourne on 2 April.

Rich Harvey said he was thrilled to receive the national award for Buyer's Agent of the Year, following his success at the REINSW Awards for Excellence last year. His business, propertybuyer.com.au, was named best small business of the year in the prestigious 2007 National Telstra Business Awards.

The REIA awards recognise outstanding commitment to service, professionalism and innovation. ♦

BUYER'S AGENT OF THE YEAR WINNER - RICH HARVEY, PROPERTYBUYER, NSW



The REIA Awards winners

President's Award

Winner - Brett Roenfeldt, BR Auctioneer, SA

Large Residential Agency of the Year

Winner - Independent Property Group, ACT

Medium Residential Agency of the Year

Winner - LJ Hooker Tuggeranong, ACT

Small Residential Agency of the Year

Winner - Sissons Estate Agents, QLD

Commercial Property Manager of the Year

Winner - Mario Bonomi, LJ Hooker St Peters, SA

Residential Property Manager of the Year

Winner - Melanie Dennis, Domain Property Advocates, VIC

Innovation Award

Winner - Toop & Toop Real Estate, SA

Commercial Agency of the Year

Winner - Colliers International Pty Ltd, SA

Residential Salesperson of the Year

Winner - Mark Larmer, Independent Property Group, ACT

Commercial Salesperson of the Year

Winner - Joseph Dean, Colliers International, QLD

Business Broker of the Year

Winner - Ron Frank, Business Brokers, QLD

Achievement Award

Winner - Nigel Harry, Chesterton & Co. Real Estate Pty Ltd, VIC

Buyer's Agent of the Year

Winner - Rich Harvey, PropertyBuyer, NSW

Communications Award

Winner - Independent Property Group, ACT

Community Service Award

Winner - Anthony Toop, Toop & Toop Real Estate, SA

Corporate Support Person of the Year

Winner - Pothi Kalyvas, Commercial SA Property Group, SA

Fresh thinking = real success

AGENTS WERE CHALLENGED, INFORMED AND INSPIRED AT A SERIES OF CPD CONFERENCES SPECIALLY-TAILORED FOR PROPERTY MANAGERS AND RESIDENTIAL SALES.

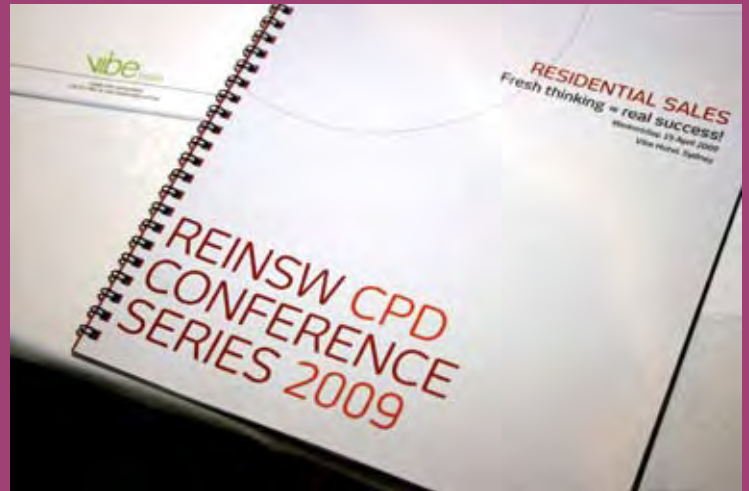
The REINSW CPD Conference Series of full-day programs is the perfect way to earn all your CPD points in one fulfilling day!

Property managers heard from Nick Vrabac, Deputy Chairperson of the Consumer, Trader and Tenancy Tribunal (CTTT), who provided some tips on presenting a case at the tribunal.

They were also updated on risk management and challenged in the way they think about the financial side of their business.

Residential sales agents learned practical information about the NSW Housing Code and the role of land and property information. They also heard about a recent legal case involving buyers who purchased apartments 'off the plan' (for more on this case, see p26).

More CPD Conferences are on the way! Visit www.reinsw.com.au to find out what training options suit you. ♦



Backing up the modern agency office

HOW MUCH IS YOUR DATA WORTH? OFFICE INSURANCE SHOULD COVER MORE THAN JUST FURNITURE AND EQUIPMENT.

Remember when it was thought that technology would deliver us the paperless office? That didn't exactly happen; instead our offices are now filled with computers, printers, PABX's, PDA's ... and paper. But unlike paper, technology is constantly evolving which makes protecting your asset rather complicated.

When thinking about office insurance, most agents will think about physical assets including computer equipment, contents and – if you own the premises – the office itself. In terms of these assets, the key is insuring them for their replacement cost, i.e. what it would cost you to buy the asset today.

As computer and telecommunications equipment is constantly being updated, it's important to review the values you declare every year to keep up with current costs.

Another aspect of office technology that can be overlooked for insurance is data. Whether you keep electronic or paper records of accounts, sales documents, property management files, contracts, etc, you would need to restore or reproduce this data if it is destroyed.

There are two benefits you should look for in your office insurance policy called Rewriting of Documents and Rewriting of Records. These provide for the cost of replacing, restoring or reproducing important documents and records and allow you to

quickly get back to business after a loss.

While all these replacements are being organised and done, you may find yourself faced with an array of additional costs to keep your business running. These include costs such as rental of office equipment including telephones and computers, and if you need to relocate to a temporary office, rental costs and connection and usage charges for services including electricity, telephone and internet.

You can also insure these costs with a benefit called Increase in Cost of Working. This covers you for exactly what it says – additional costs to keep your business running following damage or theft of your office and contents.

While we haven't achieved a paperless office, at least you can have a replaceable office with a comprehensive office insurance policy.

As your Real Estate Institute's endorsed insurance broker, Aon is here to assist you. Visit our website at www.aon.com.au/realestate for more information or call your local Aon representative on 1300 734 2774. ♦

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CAN YOU OFFER INSURANCE TO YOUR CLIENTS? YES YOU CAN!

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Make a contribution

BY JOHN GREIG

YOU COULD BENEFIT FROM SIGNIFICANT TAX SAVINGS BY MAKING EXTRA CONTRIBUTIONS TO YOUR SUPERANNUATION FUND.

From the end of June this year, you will be able to contribute more to your super fund if you wish.

2009/10 marks the first increase in the stated contribution limits since the Federal Government introduced new age-independent annual superannuation contribution limits in 2007. These limits are linked to CPI but are only increased when they round up to \$5,000.

Concessional contributions

From 2009/10 any working individual under 65 can contribute up to \$55,000 p.a. to their superannuation account from the pre-tax earnings – up from \$50,000 previously. Any contributions in excess of \$55,000 will be taxed at top marginal rates. Please note that this cap

includes compulsory employer superannuation contributions.

Example: Bob earns \$100,000 p.a. from his employer on which he receives \$9,000 superannuation guarantee contributions. \$55,000 - \$9,000 means that he can contribute a further \$46,000 to superannuation concessional through salary sacrifice.

The advantage of Bob making a salary sacrifice contribution is that he will now be taxed at 15% on contributing to his super fund rather than at marginal rates of 30-40%. His funds will however be preserved in his superannuation until he meets a condition of release, so this strategy is most attractive to those with high levels of discretionary income or those who are close to age 55, generally the earliest age at which one can access their super.

Non-concessional contributions

These are personal super contributions that are made after

tax, meaning that the contribution is made after income tax PAYG has been deducted or are the proceeds, for example, of an asset sale. As these sums have already been taxed, there are not taxed on the entry into the superannuation account, or on their withdrawal.

An individual can now contribute up to \$165,000 p.a. to superannuation after tax (previously the limit was \$150,000), or up to \$495,000 averaged over three working years (available only to those aged under 65 in the full financial year).

Example: Betty sold an investment property for \$250,000. Betty paid off the investment loan of \$130,000 and deposited \$100,000 of the remaining proceeds of \$120,000 into her super fund. Betty made a \$50,000 profit on the home which will be subject to Capital Gains Tax based on her marginal rate of income (at a 50% reduction as she owned the home for five years).

Betty's personal contribution to her super fund was not taxed on entry. However if Betty contributes more than another \$65,000 in this financial year then she will pay top marginal rates on the excess.

Please seek professional tax advice before making personal contributions to your superannuation account. The above information is a guide only and has not considered your personal circumstances.

John Greig is a Trustee of REI Super.

For more information, contact REI Super by calling 1300 13 44 33 or email admin@reisuper.com.au ♦

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The RealCover logo features the word "realcover" in a bold, blue, lowercase sans-serif font. A yellow curved line arches over the letters "o" and "v".

WISE INVESTMENT: A good time to buy?



BY CHRIS GRAY

MAKE THE MOST OF THE CURRENT MARKET CONDITIONS THROUGH A SENSIBLE PROPERTY INVESTMENT.

Certain parts of Australia may already be nearing the bottom of the property cycle. While rate cuts and the First Home Owners Grant have driven first home buyer activity, many potential investors and home buyers haven't made the most of current market conditions.

Many people truly believe that residential property is a safe, solid investment for the future and are keen to invest. But in my experience as a buyers' agent, I've found people tend to wait for 100% perfect conditions before making a decision. If they miss that exact point in time, it leads to more excuses. It's called procrastination.

Last year, when interest rates were heading towards 10%, many investors reasoned it was too expensive to buy from a cash flow perspective, as a \$500,000 investment might have cost \$10,000 to \$20,000 per year to hold.

Interest rates have since halved while rents have increased, which means that the same property might now only cost \$0 to \$10,000 to hold – perfect conditions for investors.

The truly smart investors are using recession-proof strategies to continue building their portfolios.

MANY PEOPLE TRULY BELIEVE THAT RESIDENTIAL PROPERTY IS A SAFE, SOLID INVESTMENT FOR THE FUTURE AND ARE KEEN TO INVEST. BUT IN MY EXPERIENCE AS A BUYERS' AGENT, I'VE FOUND PEOPLE TEND TO WAIT FOR 100% PERFECT CONDITIONS BEFORE MAKING A DECISION.

1. Choose property that's attractive to tenants.

It should be clean, have good-sized bedrooms, off-street parking and good positioning away from noise and main roads.

2. Choose property that will grow in value.

If the property is close to a major CBD, beaches, schools, public transport and leisure facilities it's more likely to grow by more than the average in a good market and is more likely to hold its value in a down market. If you buy around the median price then more people can afford to rent it and more people can afford to buy it if you are put into a forced sale position.

ONE OF CHRIS GRAY'S INVESTMENT PROPERTIES



3. Buy blue chip.

Cheap properties are cheap because they are not in great demand and there's plenty to choose from. It's often worth paying market value for a good property in a top suburb than it is to get a discount for something that no one else really wants. Time in the market is more important than timing the market.

4. Create instant equity.

Do some quick renovations such as a paint job, re-carpeting, tidying the garden, painting the fence, installing new curtains or blinds, and replacing the kitchen-cupboard doors. For every dollar you spend on renovating you should be aiming to get at least \$1 to \$2 back in the value of your property.

5. Refinance your property to create a buffer.

When your property grows in value, refinance to create an emergency 'buffer' zone. This

will ensure you can continue to make mortgage repayments even if you lose your job. Don't find yourself in a forced-sale position as you won't get the best price and it may trigger capital gains taxes and other expenses.

6. Re-sign your tenants.

Hire a professional property manager to ensure you get reliable tenants and that they pay a good market rent. Consider tying your existing tenant down to a new 12-month agreement. This will help guarantee your rental income.

Chris Gray is CEO of property portfolio company Empire. He is a leading property expert who provides opinion and commentary regularly in the news media. For a FREE copy of his latest book, The Effortless Empire: The Time-Poor Professional's Guide to Building Wealth from Property, visit www.yourempire.com.au. ♦

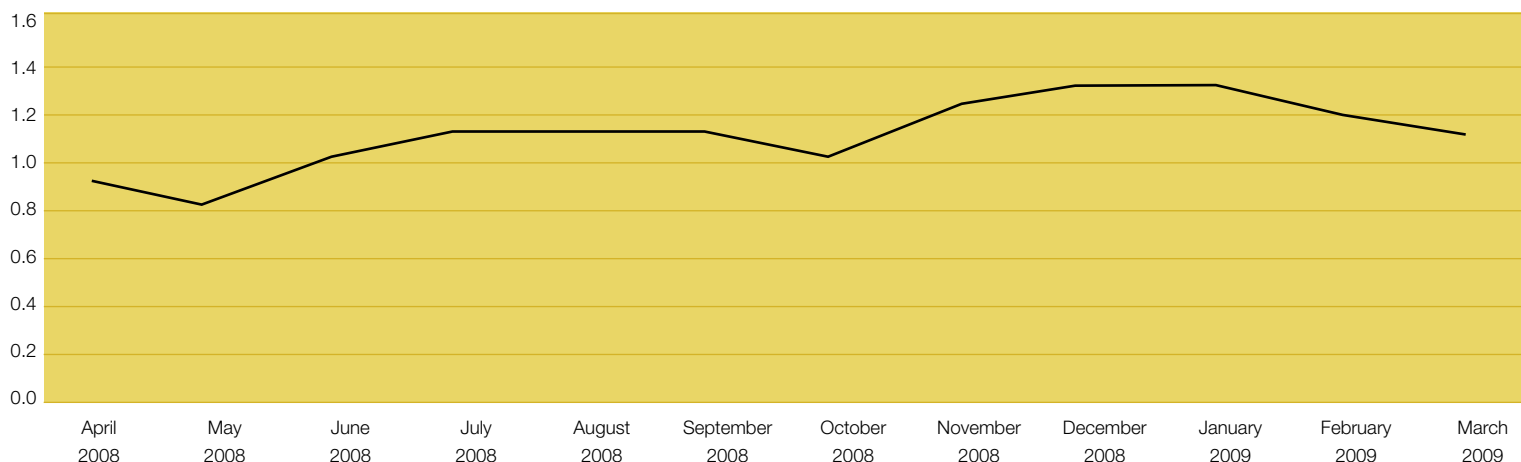
Research

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	Mar-09	Feb-09	Jan-09	Dec-08		Mar-09	Feb-09	Jan-09	Dec-08
Inner	1.2%	1.3%	1.3%	1.3%	ALBURY	1.7	3.4	2.7	3.1
Middle	1.5	1.3	1.3	1.5	CENTRAL WEST	3.1	3.1	2.5	3.6
Outer	0.9	1.1	1.7	1.4	COFFS HARBOUR	3.6	2.7	2.5	3.5
Total	1.2	1.3	1.4	1.4	FAR WEST				
HUNTER					MID-NORTH COAST	1.4	2.0	1.8	2.0
Newcastle	2.2	1.3	2.2	2.1	NEW ENGLAND	2.0	2.1	2.4	2.6
Other	1.6	2.2	1.8	1.4	NORTHERN RIVERS	2.2	2.1	2.3	1.8
Total	1.9	1.7	2.0	1.7	ORANA	1.6	2.9	3.3	3.3
ILLAWARRA					RIVERINA	2.2	3.0	2.6	3.1
Wollongong	1.6	1.5	2.4	3.0	SOUTH COAST	2.3	3.3	2.6	2.5
Other	2.7	2.7	3.0	2.9	SOUTH EASTERN	3.5	2.6	2.4	2.3
Total	2.0	1.9	2.6	2.9					
CENTRAL COAST	2.2	2.6	2.3	2.0					

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
29/3/2009	68	61.64%	31	77.42%	57	55.38%	52	58.46%	443	58.54%
22/3/2009	55	65.57%	26	67.86%	23	56.00%	66	51.90%	318	59.33%
15/3/2009	32	80.56%	27	64.52%	47	53.85%	57	67.74%	300	64.60%
8/3/2009	39	72.73%	20	66.67%	30	53.66%	46	57.14%	267	60.67%
1/3/2009	55	70.97%	33	80.56%	64	55.26%	87	52.83%	423	58.38%
22/2/2009	63	71.01%	24	70.83%	31	67.65%	78	58.82%	370	62.47%
15/2/2009	25	76.00%	16	81.25%	18	56.52%	10	45.45%	221	64.41%
8/2/2009	11	69.23%	8	87.50%	7	75.00%	1	100.00%	127	72.06%
1/2/2009	0	snr	5	60.00%	3	66.67%	1	100.00%	41	51.16%
25/1/2009	0	snr	0	snr	2	50.00%	0	snr	9	53.85%
18/1/2009	0	snr	1	0.00%	2	0.00%	0	snr	9	45.45%
11/1/2009	0	snr	0	snr	1	0.00%	0	snr	1	snr

*snr = sample not reliable

celebrate excellence

REINSW Awards for Excellence Night
10 October 2009

Join over 500 property professionals at the Hilton Sydney for the real estate industry's premier event, where winners of the REINSW Awards for Excellence 2009 will be announced.

REINSW AWARDS FOR EXCELLENCE 2009

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Members save money!

MEMBERSHIP OF REINSW COULD SAVE YOU THOUSANDS OF DOLLARS, AS PETER BLACKSHAW DISCOVERED.

Peter, from property marketing website allhomes.com.au, saved approximately \$10,000 on the purchase of his new Golf R32 by taking advantage of a Private Fleet discount available to REINSW members.

It's just one of the many benefits of belonging to your professional association.

"[REINSW] is an important industry body with good training options and member benefits including a saving on purchasing this car through Lennox Motors," Peter said.

Peter also sees value in the Continuing Professional Development (CPD) training offered by REINSW, which provides a variety of subjects in a wide choice of locations.

PETER SAVED APPROXIMATELY \$10,000 ON THE PURCHASE OF HIS NEW GOLF R32 BY TAKING ADVANTAGE OF A PRIVATE FLEET DISCOUNT.

With membership renewals coming up soon, make sure your agency continues to enjoy the competitive edge that comes from using the REINSW logo.

And by taking advantage of REINSW's member discounts, you could save much more than your membership fee!

For more member discounts, see page 44. REINSW also offers discounts to members on forms, events and training.



ANDREW YATES OF LENNOCK MOTORS WITH REINSW MEMBER PETER BLACKSHAW

NEW MEMBER PROFILE: LJ Hooker North Sydney



It gives us great pleasure to announce that Burling Realty have acquired two LJ Hooker franchises and will now be trading as LJ Hooker Commercial & LJ Hooker North Sydney.

We have taken this step to offer our commercial and residential clients further exposure to the real estate market through the LJ Hooker network.

Having been members of REINSW since 1997, we look forward to continuing our high standards of practice under our new name with their ongoing support.

NEW MEMBERS

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Engage with your industry and take your career to the next level.

*Affiliate/Ordinary membership is only for agents who work at REINSW member firms. Membership fee is \$108.00 per annum or can be added to the Firm's membership fee at \$9.00 per month. REINSW fees are GST inclusive and are Tax Deductible if a business expense.

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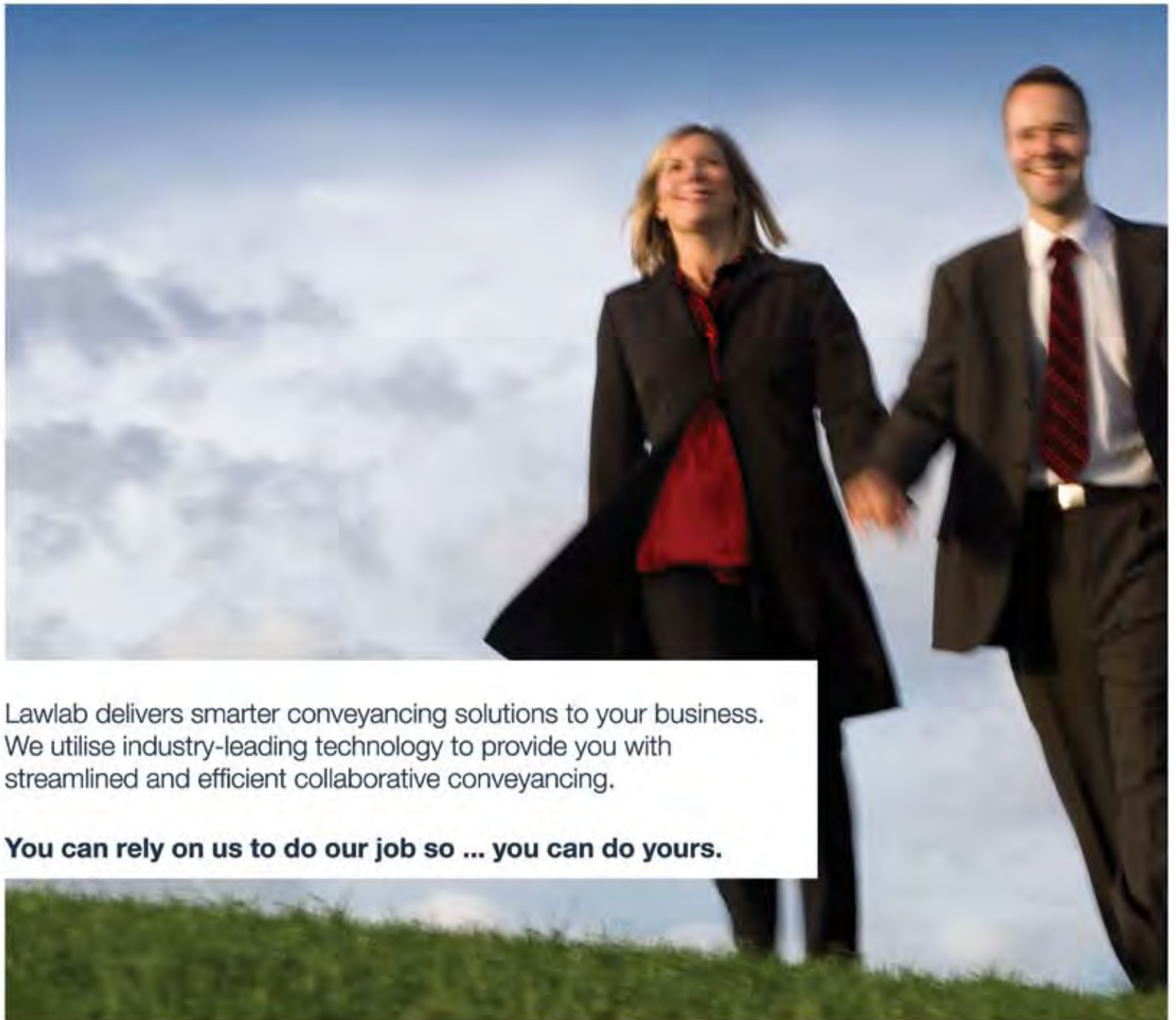
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