

Journal

APR 2010
VOL 61/03



real career path

RBA warning

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JESSICA THEI,
PROPERTY MANAGER
AT THINK PROPERTY
MANAGEMENT

The *Real Estate Journal* is a member only publication from the Real Estate Institute of New South Wales.

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Our greatest challenge



We have been busy lobbying for the rights of members on many issues over the past few months. In some cases it is an ongoing battle and we will keep you updated on our progress and other important news in the *Real Estate Journal*.

The housing shortage

A big media story in recent months has been the shortage of housing in NSW, already at crisis level. In Sydney alone, the population is forecast to rise to more than 4.7 million over the next 10 years. The question that arises is how will our marketplace cope?

REINSW is being proactive about this very real, fast-approaching problem. We will continue pressuring the NSW State Government to reduce red tape and simplify planning policy. Our goal is to see tens of thousands of homes and home sites flow into the marketplace. Only then will

housing prices and vacancy rates return to sane levels, with more rental accommodation available throughout the state. In this issue, RBA Economist Philip Lowe outlines the changes required for Australia to survive this threat to the national economy (page 10).

Property management gains prestige

Property management is a lucrative, tangible asset for a real estate business. This important segment has blossomed into a specialised and prestigious career choice. Individuals are attracted to the prospect of professionally managing an asset, fully understanding and practising NSW legislation and giving professional market advice.

Understanding and developing the role can reap large rewards for both the business and the employee. No longer a pathway

to a career in sales, property management is now seen as a challenging and fulfilling career in its own right (page 12).

Commercial property in recovery mode

It's certainly been a challenging couple of years for property managers in commercial real estate who have faced the most depressed market in more than 15 years. However, confidence is quickly returning to the market and many agencies are reporting strong interest and sales, particularly in regional areas. Confidence in the commercial sector can have a far-reaching impact on the local economies, say agents in regional areas, who tell us about how their respective local communities have been affected (page 26).

Learning opportunities

Finally I would like to remind members that we have filled the

2010 calendar with informative events such as roadshows, forums and training days – so take a minute to look at our events calendar and take note of the dates when we are in your town or region. With so much happening in our industry, I guarantee you will receive great value from all of our sessions.

Wayne Stewart
REINSW President



Since Lemon Baxter have been using the Adept system, our business has been streamlined beyond belief. The best part of this system is that it has been developed for and used only by Commercial Agents.

The ability to drill down many levels of detail allows us to include information about our customers and properties that I have not seen in any other client management system.

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Chris Curtain and Lauren Mai receiving the 2009 REIV Commercial and Industrial Gold award

Chris Curtain
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Changing with the times



Milestones have a way of putting things in perspective. REINSW is celebrating 100 years of acting on behalf of members and furthering the interests of real estate agents in NSW. The occasion has prompted REINSW to reflect on past achievements and lessons learnt, while also looking to the future and what more can be done for our members.

Perhaps the most striking changes in real estate over the past 100 years are connected to technology. The internet, computers, smart phones, prospect/contact management software, global positioning systems, online maps, printers, scanners and more have revolutionised the way real estate agents do business. REINSW's founders could never have imagined that documents would one day be sent to buyers, tenants, and landlords electronically.

"REINSW PRIDES ITSELF ON KEEPING PACE WITH TECHNOLOGICAL ADVANCEMENT AND PASSING ON EXPERTISE, SKILLS AND TOOLS TO MEMBERS."

REINSW prides itself on keeping pace with technological advancement and passing on expertise, skills and tools to members. We do this by regularly updating and improving our member services, training programs and products to ensure they are of the highest standard and take advantage of the latest technologies, such as REI Forms Live and online training.

Real Business First

Another way REINSW is helping members remain relevant in a competitive marketplace is by driving innovation. Partnering with Deloitte, REINSW has created a benchmarking tool that is set to have a significant impact on the real estate industry. Real Business First allows you to compare financial and performance data to other real estate agents in your area. You can also see how your agency stacks up against agents of similar size as well as the top performers.

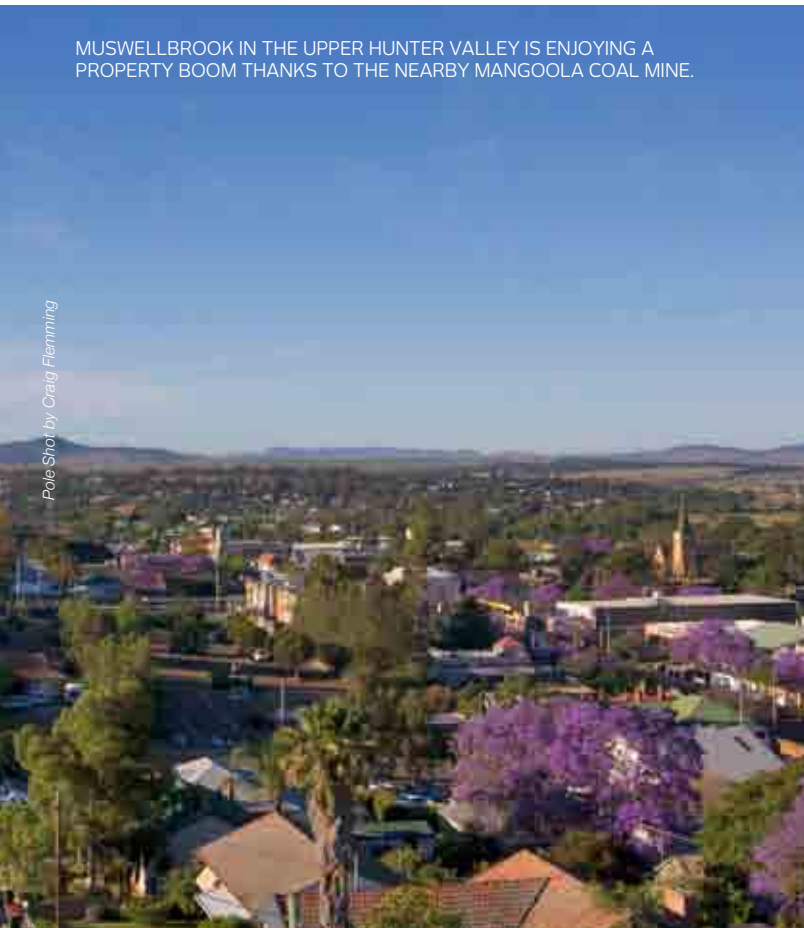
Subscribers enjoy access to financial figures that provide a point of reference and best practice examples, but there is strict privacy on the data so that no one else can see who or where it came from. Armed with this information, you can clearly identify problem areas, improve your bottom line and subsequently grow your business.

The number of agents subscribing to Real Business First is gaining momentum and the pool of financial data is growing. With real estate agents from most states in Australia already signed up, the tool is a valuable resource for real estate agents. When you subscribe to Real Business First, the first three months are free. After that it costs just \$49.50 per month to subscribe for REI members or \$69.50 for non-members (incl GST). For more information or to subscribe to Real Business First, go to www.realbusinessfirst.com

Tim McKibbin
REINSW CEO

MUSWELLBROOK IN THE UPPER HUNTER VALLEY IS ENJOYING A PROPERTY BOOM THANKS TO THE NEARBY MANGOOLA COAL MINE.

Photo Shot by Craig Flemming



Hot property in boom towns

A resources boom has made the Hunter Valley one of the best places to invest in property, says a report by Property Researcher Terry Ryder from hotspotting.com.au. Other NSW regions making the top 10 were Glen Innes in the New England district and towns in the state's north-west including Moree and Gunnedah.

"There has been so much media attention on affordability issues but it tends to focus almost exclusively on the major cities," says Ryder. "That ignores all the good prospects in some of our regional centres."

In the Hunter Valley, the new Mangoola coal mine is expected to attract more than 1500 miners and their families to the area, many of whom will need rental accommodation.

REINSW President Wayne Stewart says the rural lifestyle on offer in the region is also drawing Australians in search of a sea change. "Some of those areas are only an hour from the ocean and that is part of it as well," he says.

Boom towns are locations impacted by resources activity or undergoing an economic surge from major projects. "This drives rents and property values higher, presenting opportunities for investors who understand the dynamics and risks of such markets," states the report.

Top-ranking schools influence buyers

Real estate agents are receiving enquiries for property based on information from the government's My School website, reveals REINSW research.

The site provides information on every Australian school including results from national literacy and numeracy tests. Homes close to top-ranking schools are in demand.

REINSW CEO Tim McKibbin says agents near schools with strong academic results can use the information as a marketing tool to help promote sales. "It will be a feature that will affect a percentage of people looking at property, it won't be dissimilar to promoting transport or beach access," he says.

Some agents contacted say homes close to a good school can add as much as 10 per cent to their sale price.



Borrowers opt for variable home loans

Demand for variable rate loans hit a record high in January, accounting for over 99 per cent of new approvals for mortgage broker Mortgage Choice. Fixed rate loans consequently dropped to 0.9 per cent, recovering slightly in February to two per cent.

Mortgage Choice says fixed rate products have accounted for less than 10 per cent for the past 19 months. "I am surprised fixed interest rate demand has reached such a low level," says Kristy Sheppard, Mortgage Choice Senior Corporate Affairs Manager.

"While it seems that the proportion of new borrowers willing to pay more for steady repayments is on the increase ... fixed rate home loans have a long way to go before reaching anywhere near their peak of 38 per cent of new approvals in November 2007."



Big city sell off

Residential and mixed-use developments worth more than \$1 billion are up for sale in Sydney, including the Seven Network's Epping site.

Allen Linz, Managing Director of Rebel Property Group, says he has approached real estate agencies about selling the company's \$450 million residential development site at Epping – a joint venture with the Seven Network.

John Beville's \$800 million revamped Top Ryde City complex is also for sale. The shopping centre, which has come to market following a three-year redevelopment, faced difficulties signing on retailers during the financial crisis.

Another big ticket property about to hit the market is the residential component of the \$360 million Chatswood Interchange project. The site at Chatswood in Sydney's north has three residential towers with a total of 509 apartments.

Vendors to pay for building inspections

Responsibility for pre-purchase inspections could shift from buyers to vendors. A proposed new NSW Government scheme would require vendors to produce building and pest reports before a property is listed for sale. This could save buyers thousands of dollars on inspections of properties they fail to secure at auction. Vendors selling older properties may also be required to produce energy rating and asbestos certificates.

The plan has been hailed as a win for purchasers. But the real estate industry fears the system will result in a flood of unqualified consultants unless tough licensing requirements are introduced.

Purchasers could also find themselves at the mercy of inspectors who are paid to deliver favourable reports, says REINSW CEO Tim McKibbin.

"There is potential for the quality of these reports to decline," he says. "Some reports are so heavily disclaimed that we have to query their value."

Draft legislation is expected in the next few months. REINSW will be lobbying on the issue.

Celebrities lure prospective buyers

Sydney real estate agents are using the power of celebrity to sell high-end properties. In Kings Cross, suites are for sale in Minton House, which has been home to filmmakers John Polson, Baz Luhrmann and Jane Campion; artists Garry Shead and Martin Sharp; and playwright Louis Nowra. Promotional material describes the building as a "hub of creative excellence".

Close by, the building which formed the backdrop for a risqué 1970s TV show is also up for sale. The advertisement says: "Anyone who remembers the iconic Aussie soap *Number 96* might recognise the Moncur Street, Woollahra building which formed the backdrop to Abigail's saucy antics."



New heights for property prices

More than \$84 billion worth of homes changed hands in NSW in the past year, \$10 billion more than during the 2004 boom. According to figures from NSW Treasury, the number of sales rose seven per cent, with 182,000 properties exchanging compared to 170,000 five years ago.

The average sale price also rose in 2009 to \$462,000, six per cent higher than the average in 2004 (\$436,000). This is largely due to a sharp increase in the average selling price in some rural and regional areas. The strongest performers were Narrandera in south-west NSW, with property prices up more than 100 per cent; and Broken Hill, near the border with South Australia, up nearly 90 per cent.

In suburban Sydney, growth in the second half of 2009 pushed annual averages up. Prices in Parramatta recovered to be only one per cent beneath the 2004 average and Sutherland prices were just four per cent lower.

REINSW celebrates 100 years

FOR A CENTURY, REINSW HAS BEEN LOOKING AFTER THE INTERESTS OF ITS MEMBERS. THE PERIOD FROM 1930 TO 1939 SAW REINSW BATTLE FOR AN END TO RENT CONTROL AND REGISTRATION OF REAL ESTATE AGENTS AS THE ECONOMY PLUNGED INTO DEEP DEPRESSION.

The 1930s was a difficult period for REINSW. The country was experiencing the worst economic downturn in history and, like most organisations, REINSW suffered financially. But despite hardship, a great deal was achieved. The push for registration began to achieve

some results and the geographical spread of membership extended to suburban areas.

We need your help. If you have photos of members, details or memories of festive events, or information about interesting

REINSW happenings or milestones, we'd love to hear from you.

In the next edition of the Real Estate Journal we look at REINSW from 1940-1949. Please email your ideas or relevant information to centenary@reinsw.com.au.

The information on this page has been drawn from *The Sign of the Waratah* – a history of the Real Estate Institute of New South Wales by Terry Kass.

100 years

The third decade 1930 to 1939



MANY BUILDINGS FELL INTO DISREPAIR DURING THE GREAT DEPRESSION AS LANDLORDS STRUGGLED TO MAKE ENDS MEET.

1930

- A Moratorium Bill is introduced by the newly elected Labor Government which prevents mortgagees from exercising power of sale.

1931

- Unemployed Workers Movement members barricade themselves in houses in Newtown and Bankstown to protest forcible evictions.
- Collapse of the Government Savings Bank controlled by the NSW Government forces REINSW to operate on an overdraft of £500 with the Commonwealth Bank.
- Sydney Citizens Trade Revival Movement opens at REINSW to stimulate business.

1932

- Building activity rises rapidly, with 721 permits issued in Sydney's suburbs.
- The Federal Government introduces a system of building loans at an interest rate of three per cent to encourage repairs and improvements.

Great Depression rocks real estate

THE ONSET OF THE GREAT DEPRESSION IN 1929 WAS FELT SWIFTLY BY THE BUILDING AND REAL ESTATE INDUSTRIES.

According to CB Byrne, REINSW President in 1931, the year was "a most difficult, harassing and embarrassing one for real estate". Many small suburban agencies run by a single agent closed their businesses. But not all were small. Arthur Rickard and Company, Sydney's largest real estate company at the time, went into liquidation.

There were reports that some agents resorted to unethical practices to survive. Byrne urged members not to be involved in such activities: "Each member has a duty to his brother in the Institute, and, if he did not recognise it, then it was time to take off our coats and deal with the transgressor."

During this period, REINSW was dealing with its own challenges internally. In view of the economic circumstances, REINSW reduced membership fees by 30 per cent. However, this was not enough to prevent a decline in membership numbers and some members fell into arrears on membership dues.

REINSW lobbying activities

LEGISLATION BY THE STATE GOVERNMENT ABSORBED A GREAT DEAL OF REINSW'S ENERGY IN THE LATE 30s. TWO PARTICULAR ISSUES STAND OUT – THE ALTERATION OF LEGISLATION AFFECTING LANDLORD AND TENANT MATTERS, AND THE REGISTRATION OF AGENTS.

Rallying to prevent rent control

In 1936, a press report that the government was preparing a new Fair Rents Bill alarmed REINSW. A letter was sent to the government disputing the need for the Bill, along with suggested outlines if it was passed. While the Institute could not stop the passage of the Bill, the outlines had some effect in reducing its overall impact.

Push for registration of agents

REINSW was also pushing for legislation to enforce the registration of real estate agents. President

L Bloomfield motioned at the quarterly General Meeting for August 1936 that: "The primary objective of the Institute from now onwards shall be to take all steps necessary to ensure that the registration of real estate agents shall be founded on an educational basis."

It was agreed that REINSW would draft a proposed Bill and obtain agreement from members. A copy was then sent to the Department of Justice.

A letter writing campaign and close relations between the Minister of Justice and REINSW drew the issue to a climax. Then the declaration of war, coupled with the introduction of the Fair Rents Act, diverted the energies of the Institute for some time to come.

1934

- Homes for the Unemployed Trust is established to help those left without adequate means of providing accommodation for themselves.
- Total cost of erecting weatherboard and brick cottages reaches its lowest point.

1935

- Two District Associations are formed in Edgecliff and the Southern Suburbs.

1936

- REINSW dispenses of the overdraft with the Commonwealth Bank.

1938

- Membership to REINSW increases to 755, from a low of 414 in 1935.

1939

- Members of REINSW start a letter campaign to government in support of a Registration Act for real estate agents.

Presidents

- WF Goyder**
1930
- CB Byrne**
1931
- AA Beatty**
1932-1934
- RT Forsyth**
1935-1936
- H Thompson**
1937-1938
- L Bloomfield**
1939-1940

The birth of the buyers' market

A MAJOR INCENTIVE TO BUY A HOUSE IN THE 1930s WAS THE EMERGENCE OF COOPERATIVE BUILDING SOCIETIES.

When the Housing Improvement Act was passed in 1936, any group of people with common interest (e.g. residential, occupational or religious) could constitute themselves as a society. Societies could lend up to 80 per cent of the value of land and buildings, while the government enabled the borrower to raise 90 per cent of their value from the cooperative.

People found they could buy properties through the cooperative scheme with a weekly instalment considerably lower than they could rent the same property for. The enthusiastic response of homebuyers was reflected in the rapid growth of lending activities. REINSW commended the government for its efforts in encouraging the home seeker to buy a home.

Join the Waratah Network

IF YOU HAVE BEEN WORKING IN THE INDUSTRY FOR MORE THAN 20 YEARS, REINSW BELIEVES YOU DESERVE RECOGNITION. THE WARATAH NETWORK ACKNOWLEDGES AND CELEBRATES THE EXPERIENCE OF OUR INDUSTRY'S LONG-TERM MEMBERS.

Membership to the Waratah Network is free. To be eligible to join, you must be a current REINSW member and you need to attest that you have been working in the real estate industry for 20 years or more. Two REINSW members will then have to verify your experience.

As a member of the Waratah Network, you will:

- receive a certificate and special plaque to celebrate your contribution to our industry

- have your name listed on the REINSW website acknowledging your membership of the Waratah Network
- be invited to attend half-yearly networking events, where you can rub shoulders with 'the good and the great' of our industry
- have the opportunity to take part in the Young Agents Mentoring Program and use your vast experience to aid in the development of some of our industry's best and brightest.

To apply for membership to the Waratah Network, simply go to www.reinsw.com.au and find The Waratah Network under Member Centre. Then download the application form, fill it in and return to REINSW.

Housing shortage our biggest economic challenge

NSW WILL NEED
BETWEEN 429,000
TO 787,000 UNITS BY
2028, PREDICTS THE
NATIONAL HOUSING
SUPPLY COUNCIL.

THE RESERVE BANK OF AUSTRALIA (RBA) SAYS AUSTRALIA MUST MEET HOUSING DEMAND FROM A GROWING POPULATION OR FACE ECONOMIC AND LABOUR MARKET PRESSURES.

Tackling Australia's housing shortage is one of the biggest challenges facing the economy, said RBA Assistant Governor Philip Lowe in an address to the Urban Development Institute of Australia National Congress.

"Looking forward, if population growth were to remain strong for an extended period, and we do not change the mix of housing that's being constructed, it's likely that we'll need to devote a higher share of GDP (gross domestic product) to housing than has been the case historically," he says.

Lowe also warned that constraints in building new homes threaten to drive Australian house prices higher and urged governments to remove barriers to development.

"If we are to build more dwellings, we need to ensure that planning guidelines and infrastructure provision can accommodate this ... If this doesn't happen, further adjustment in housing prices and rents is likely to occur to balance supply and demand."

Figures from the National Housing Supply Council predict the total supply of housing in NSW could be a minimum of 429,000 units to a high of 787,000 units by 2028. This leaves a possible shortfall of 126,000 units at the top estimate.

The role of migration

Earlier this year, BIS Shrapnel Senior Economist Jason Anderson commented that strong migration is pushing up demand for housing while rising interest rates and tight bank lending criteria were capping the amount of new residential construction.

"It is hard to see housing starts pushing above 160,000 this year, while migration has exploded," he says.

Net migration increased from 215,000 in 2008 to 285,000 in 2009 and is expected to be about 230,000 in 2010, he noted. Based on these figures, BIS Shrapnel forecasts a steady increase in house prices in NSW over the next two years. In Sydney, the firm predicts prices will rise by around 5.5 per cent.

Labour market pains

Lowe's speech, 'Some Challenges for the Future', also raised the question of whether an increase in housing development when investment elsewhere in the economy is also high would put a strain on the labour market.

"If housing construction is very strong at the same time that the resources sector is expanding, there will be competing demands for a range of skilled workers and specialised services," he says. "Managing these competing demands and ensuring the adequate supply of workers with appropriate skills will be a challenge."



"IF WE ARE TO
BUILD MORE
DWELLINGS, WE
NEED TO ENSURE
THAT PLANNING
GUIDELINES AND
INFRASTRUCTURE
PROVISION CAN
ACCOMMODATE THIS."

Lowe went on to explain that Australia's construction cycle and housing prices are in a very different position from many other advanced economies.

"Unlike a number of other countries – most notably the United States and Spain – Australia didn't have an unsustainable surge in dwelling investment in the middle years of the 2000s that resulted in oversupply of housing," he notes.

"Indeed, over recent years, the rate of increase in the number of dwellings has been below the average of the past 50 years. In contrast, the rate of increase in the population has been around the fastest in 50 years." ♦

14+ years of bureaucratic red tape

Developing vacant land into housing blocks can take up to 14.5 years of bureaucratic negotiations, reveals a report by the National Housing Supply Council. Research found that just under half of available greenfield housing land will take 10 years of development before it can be sold.

Delays will clog the supply chain as population growth drives demand for more housing, according to the Council. The document was delivered to the Federal Government in 2009 and aims to pressure State and Local Government into eliminating barriers to land development.

REINSW members take four national awards

NSW PERFORMED STRONGLY AT THE RECENT 2010 REIA NATIONAL AWARDS FOR EXCELLENCE.

REIA recognised the most outstanding practitioners in the real estate profession at the 2010 National Awards for Excellence. Held at the Hilton Hotel in Adelaide on 25 March. The event saw four REINSW members take home an award.

"I would like to extend the congratulations and best wishes of all REINSW members to our four award winners," says REINSW

President Wayne Stewart. "In a highly competitive industry, this is a significant achievement."

Award winners

- Colin Rooke from Dyson Austen, joint winner of the 2010 President's Award
- Michelle Heffernan from Fitzpatricks Real Estate, Achievement Award
- Colliers International NSW, Innovation Award
- Peter Apostolakos from CBRE, Commercial Property Manager of the Year



REINSW MEMBER COLIN ROOKE (WITH WIFE JAN) WAS RECOGNISED FOR OUTSTANDING PERFORMANCE, COMMITMENT AND CONTRIBUTIONS TO REAL ESTATE.

REINSW remembers Thomas Scott

PASSIONATE ABOUT THE REAL ESTATE INDUSTRY, THOMAS SCOTT SERVED AS REINSW PRESIDENT FROM 1982 TO 1983. HE DIED ON 17 MARCH 2010 AT THE AGE OF 91.

Born on a farm near Wagga Wagga in 1920, Thomas Scott left school at a young age to work on the family farm. He later joined the army and fought in the Pacific during World War II. This had a lasting impact on the man who served on the REINSW Board from 1974 to 1987, which included two years as President, says former REINSW President and personal friend Robert Bevan.

"Tom Scott was the last of the World War II veterans to serve as REI President. He was a product of his generation and his experiences," says Robert, who remembers the former REINSW President as being reserved,

hard working and proud of his association with REINSW. "Tom was a very fine man fiercely loyal to REINSW," he adds.

Thomas lived in Glebe for most of his adult life and would walk to his office in George Street, Sydney. Members of the REINSW Board would often get together at the end of the working day to chat about real estate and the future of the Institute over a drink at the local pub. "On these occasions, Tom's preferred tippie was Corio whisky," says Robert. "Tom had a somewhat stern facade but once he became your friend you had a friend for life."

Frequently visiting REINSW members throughout the state, Thomas believed in the value of building personal relationships with REINSW members. "I recall Tom driving to Broken Hill to visit



"TOM WAS A VERY FINE MAN FIERCELY LOYAL TO REINSW."

the local branch on his way to represent REINSW at an REIA meeting in Adelaide," says Robert. "This round trip of around 3500km was typical of his dedication to members."

Prior to becoming President, Thomas served as REINSW's Treasurer. "His capacity for thrift was often called upon and he had the sergeant major's respect for tradition and protocol," says Robert.

In addition to his commitments to REINSW, Thomas practised as a valuer and business agent. He also often appeared in court as the acknowledged expert on NSW rent roll and agency goodwill values. ♦

Anzac Day trading

While real estate agents are not restricted under the provisions of the *Shop Trading Amendment Act 2009*, we know our members will be keenly aware of the solemn nature of Anzac Day when making their decision about trading before 1pm.

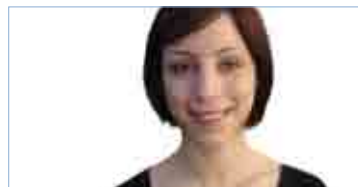
"Anzac Day morning is a time of commemoration," says NSW RSL President Don Rowe. "Ceasing trade in the morning allows people to attend Anzac Day services. It's also a mark of respect for the supreme sacrifice members of our defence forces have made for the country."

JESSICA THEI,
PROPERTY MANAGER AT
THINK PROPERTY MANAGEMENT



The
new face

ce of property management



BY LEANNE MEZRANI

PROPERTY MANAGEMENT HAS EVOLVED INTO A LONG-TERM CAREER, NOT JUST A PATHWAY TO SALES. THE *REAL ESTATE JOURNAL* LOOKS AT THE OPPORTUNITIES BEING EMBRACED BY TODAY'S LEADING PROPERTY MANAGERS.

Prospects for property management careers look bright these days. Once seen as a stepping stone into real estate sales, property managers are now being recognised for sustaining a profit centre for a business. This is attracting confident, ambitious and driven individuals to the role, such as Jessica Thei who heads up THiNK Property Management.

Buying her first investment property at 19, Jessica understood at a young age what leasing a property involves. "As an owner, you really do put a lot of trust in your property manager," she says.

She started at THiNK Property Management two years later while taking a year off from studying speech pathology at university. What she thought was just a short-term diversion turned into a rewarding career, she explains.

"I decided to give it a go for a year and then evaluate what I wanted to do ... three years on I'm loving my job and, more importantly, I have found a career I'm passionate about," says Jessica.

Room to grow

Jessica is one of many bright, young professionals who can see the potential for growth in property management. "Being a property manager is such a dynamic role and I thrive on the chance to really challenge myself both personally and professionally," she says.

Julie Ryan, Business Strategist and Real Estate Industry Adviser, believes property management will attract more candidates like Jessica in coming years. "In the past, property management was seen as a 'lesser' job than a sales career. Today, it is now rightly seen as a profession in its own right," she says.

According to Julie, the scope of a property manager's role is now much larger. It can involve teaming up a landlord with their next property investment, reducing risk to the real estate business through closely managed tenant selection, and setting up effective processes to ►

REINSW MEMBER JOHN STOUT USES THE FLIP VIDEO RECORDER TO UPLOAD TOURS OF HIS PROPERTIES TO YOUTUBE.



“BEING A PROPERTY MANAGER IS SUCH A DYNAMIC ROLE AND I THRIVE ON THE CHANCE TO REALLY CHALLENGE MYSELF BOTH PERSONALLY AND PROFESSIONALLY.”

improve levels of service to tenants and landlords. “Personal and professional growth is distinctly possible ... and wise owners view their property manager as an ally,” she says.

In just three years as a property manager, Jessica’s role has evolved from leasing and managing properties and trust accounting to being actively involved in website design, marketing campaigns, and developing the overall business strategy and direction of THINK Property Management.

“I quickly learnt that you need to be proactive rather than reactive in this industry,” says Jessica. “You have to be open-minded and approach things in a fresh and positive manner and always look for the win-win solution.”

The power of social media

Where Julie sees the most potential for property managers to develop their role is through

social networking. “Social media is a powerful tool to communicate quickly and cost-effectively with our [online] sphere of influence,” she says.

Twitter, for example, is particularly useful to property managers, says Julie. She recommends using the micro-blogging tool – which allows users to send and read messages of up to 140 characters – to advertise new listings or relevant market insights. YouTube also has many applications in property management, she adds. These include being able to inexpensively create a tour of a property, or provide an overview of a suburb or area to inform out-of-town prospects.

John Stout, Principal at Professionals Wamberal, has been uploading video tours of properties his agency sells and leases to YouTube for the past six months. He admits that the footage is not professionally produced and may appear unpolished. But John believes this reassures viewers that the video is a genuine representation of the property.

“You can hear birds and traffic in the background and people often joke: ‘Your hand’s a bit shaky’,” he says. “But it looks real ... I want people to see me as just an agent with a camera in my hand.”

Professionals Wamberal also has a Facebook fan page with

280 fans. John uses it to build relationships with the tight-knit Wamberal community. He does this by interacting with fans as friends, not prospective clients. So rather than post updates about the latest property he’s sold, John prefers to share videos of his travels in Cambodia where he helped build computer databases for an orphanage in Sihanoukville.

“We don’t use social networks to do the hard sell – we want to be seen as part of the community,” says John.

“SOCIAL MEDIA WILL HAVE A MASSIVE IMPACT ON PROPERTY MANAGEMENT WITH OR WITHOUT OUR COOPERATION. IT IS A POWERFUL TOOL TO COMMUNICATE QUICKLY AND COST-EFFECTIVELY WITH OUR [ONLINE] SPHERE OF INFLUENCE.”

Regardless of the size of his workload, John sets aside time to research and experiment with new technologies. He urges all property managers to do the same and

“PROPERTY MANAGEMENT IS NOW RIGHTLY SEEN AS A PROFESSION IN ITS OWN RIGHT.”

harness social media to help achieve business goals. “Our industry needs to get more involved in the way properties are displayed online,” he says.

John sees social networking as revolutionising property management processes. The immediacy with which information is sent and received will improve the level of service property managers provide, he says.

“People want to know the answer to their questions immediately and social networks can, with the click of a button, help property managers pass on this information without having to make dozens of phone calls,” he says.

Julie agrees that property management is on the verge of reinvention as more Australians sign up to social networks. Property managers must update their knowledge and skills to remain relevant, she warns. “Social Media will have a massive impact on property management with or without our co-operation,” she says. ♦

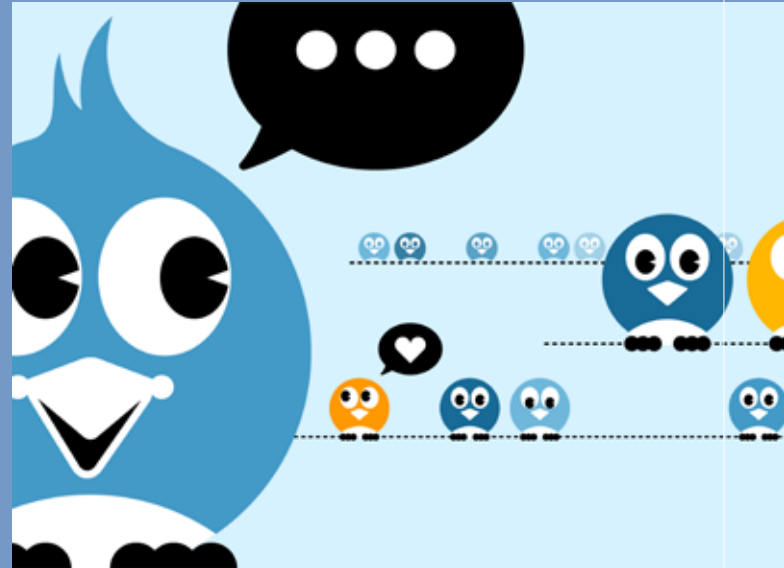
Why you should be using social media

According to Nielsen, Australians are the "world's most prolific users of social media". We post, poke and tweet more than the Americans, British and Japanese, spending nearly seven hours on social networking sites each month (the global average is five-and-a-half hours). The study also found that in 2009 social networking sites were used by around 9.9 million of Australia's 22 million population.

Business Strategist Julie Ryan says this is a compelling reason why agents should be using social media. Aside from reaching a large

audience of prospective clients, Julie says social networking also allows you to:

- Have regular contact with clients and customers who are spending significant amounts of time online
- 'Listen' to customers and clients and better understand how to service them
- Be seen as being up to date
- Develop and maintain relationships in a cost-effective manner.



Connecting is rewarding

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- ✓ Guaranteed highest commissions
- ✓ Account Management teams in your state
- ✓ Choice for your customers
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Call us now on **1300 664 715**
and make a connection.

agents.directconnect.com.au

Direct Connect
make a connection



REINSW AWARDS 2010
excellence



Dear member,

As you would be aware, 2010 is REINSW's Centenary year – and as we celebrate this milestone, I would like to take the opportunity to invite you to two important events in REINSW's calendar.

In 2010, the REINSW Awards for Excellence Gala Dinner will be held in conjunction with the inaugural two-day Real Estate Excellence Conference. Between Friday, 9 October to Tuesday, 12 October 2010 we will be celebrating excellence in our industry. Both events will be held at the Sydney Convention & Exhibition Centre.

T1 Events is the official organiser of both these events and I am pleased to endorse their involvement.

I urge you to attend these events and look forward to seeing you there in October.

For more information or to register your place at the Gala Dinner and the Conference, please go to www.t1realestateexcellence.com.au

Kind regards,

Tim McKibbin
REINSW CEO

SUPER SAVER
ends 30 April
Register now at
www.t1events.com
or call 02 8012 9830

Real Estate Excellence Conference 2010
11-12 October 2010

Sydney Convention & Exhibition Centre,
Darling Harbour

\$1300+GST (\$900+GST if booked by 30/04/10)

Register at www.t1events.com

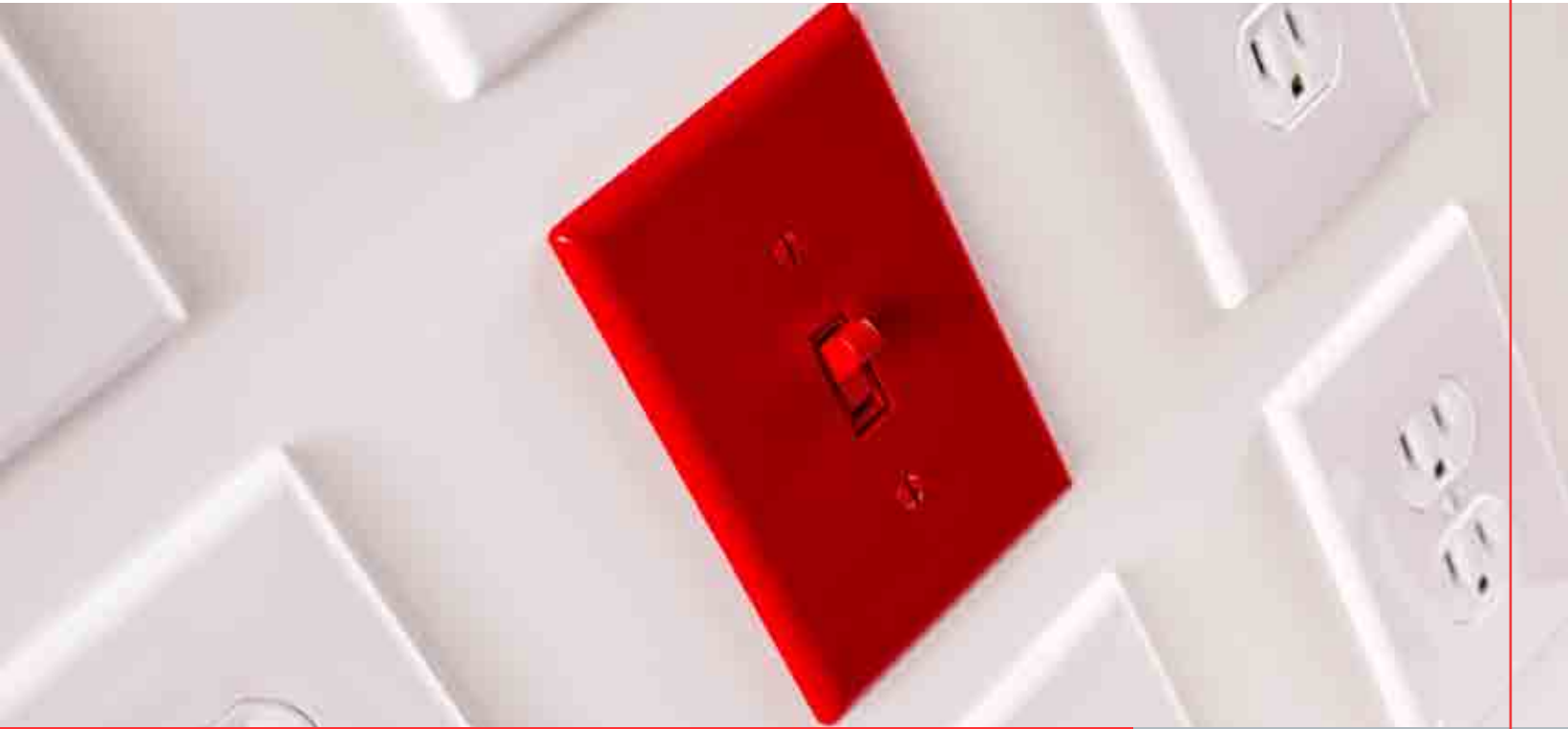
REINSW
Awards for Excellence Gala Dinner
6.30pm, 9 October 2010

Sydney Convention & Exhibition Centre,
Darling Harbour

\$225 pp (table of 10 - \$2000)



[T1 EVENTS]



TWO SCHOOL FRIENDS RECONNECTED TO GROW A BUSINESS THAT HELPS AUSTRALIANS CONNECT THEIR GAS, ELECTRICITY, HOME PHONE, INTERNET AND PAY TV WHEN THEY MOVE.

When CEO Paul Docherty decided to expand Direct Connect – a utility connection service company based in Victoria – he called his old school friend and rugby team mate Jim Swan.

DIRECT CONNECT HAS A SOLID RELATIONSHIP WITH REINSW

“I’ve known Paul since I was 14 years old,” says Jim. “He rang one day and told me he wanted to roll out Direct Connect in NSW. Then he asked if I’d be interested in being involved.”

Jim accepted Paul’s offer. His first decision as NSW General Manager was to conduct a trial. He recruited 12 real estate agents and sought

their feedback on “what was working and what wasn’t before we took the service to market,” Jim says.

Then it was just a matter of convincing agents to come on board. “We were literally knocking on real estate agents’ doors and telling them about the benefits of partnering with Direct Connect,” says Jim. “It was a slow process – we converted one or two agents in the first month.”

Today, Direct Connect has around 2500 partner agents nationally and helps move more than 10,000 Australians each month.

“There has been a good level of organic growth since we set up in NSW,” says Jim. “We’re now concentrating on looking after our current partner agents and growing the business from there.”

Direct Connect was founded in 2004, two years after electricity and gas was deregulated in NSW.

TODAY, DIRECT CONNECT HAS AROUND 2500 PARTNER AGENTS NATIONALLY AND HELPS MOVE MORE THAN 10,000 AUSTRALIANS EACH MONTH.

Tenants were given the option of choosing their own electricity and gas supplier, which created an opportunity in the market for a utility connection service, explains Jim.

Partnering immediately with REINSW, Jim says Direct Connect has “a solid relationship with REINSW”. He adds that the move increased Direct Connect’s exposure in the real estate industry, which has translated into business benefits. ♦

Direct Connect pays you commission

Agents who recommend the Direct Connect service to clients receive a small commission.

To become a partner agent or learn more about Direct Connect – a free service that helps people connect their gas, electricity, home phone, internet and pay TV when they move – visit www.directconnect.com.au or call 1300 664 715.

Protection & Collection

...go with the strength



Christopher Russell & Associates

Chris Ewart and Russell Turner, Directors
1161 Burke Road, Kew Victoria; 72a Doncaster
Road, Balwyn North Victoria

“Protection and Collection provides our office excellent results in recovering outstanding debts, whether it be in the property management department or sales department. **More than 75% of our rental portfolio is protected** under one of the levels of protection provided by Protection and Collection, and our office enjoys the benefits of debt collection in the sales department. Protection and Collection form an integral role in the facilitating of efficient and effective debt collection in our office. We **highly recommend** real estate agents to consider these services and products for their office.”

Raine & Horne Beenleigh

Jill Eisenhuth, Associate Director
109 City Road, Beenleigh Queensland

“**One call does it all.** Protection and Collection attend the warrant - liaise with police, tenant and the locksmith. Protection and Collection save our office time by taking responsibility of the storage of tenant belongings if necessary, freeing up staff for more productive matters. The company also provides a cost-effective process for recovering outstanding tenancy debts for our landlords.

The results speak for themselves.”

**LEVELS OF PROTECTION AND DEBT COLLECTION FOR
COMMERCIAL, RESIDENTIAL & HOLIDAY ACCOMMODATION**

are your landlords' ...properties protected?



DCK Real Estate

Josie Stewart, Director
35 Queen St, Bendigo Victoria
2006/07 REIV - The Age Residential Property
Manager of the Year

“I just wanted to pass on our thanks and convey how happy we have been dealing with your company. The ‘Level 3’ cover has been well received by our clients and we truly believe that it offers **fantastic value** for money. We have found that you and your staff provide caring and genuine service, something that my property managers and I **truly appreciate** and congratulate you on.”

LJ Hooker Sunnybank Hills

Narelle Weiss, Department Manager
25 Pinelands Rd, Sunnybank Hills Queensland

“The results have **exceeded our expectations dramatically**. We have experienced a 45% reduction in our rent arrears, **stress-free** Warrant of Possessions with no outgoing costs for the owner, ex-tenants from as far as 12 months ago paying off their debts and, most importantly, **happy landlords** and staff. We would highly recommend the services of Protection and Collection Services to all real estate agencies and landlords – you won’t be disappointed!”

Ian Ritchie Real Estate

Sherry Orr, Senior Property Manager
541 Kiewa Street, Albury NSW

“The Commercial Protection that we offer our landlords has been **extremely successful** in the recovery of outstanding debts and outstanding management fees in our Commercial Leasing Department. I recommend this product to all Commercial Leasing Agents. Dealing with a **professional and dedicated** team at Protection and Collection has certainly provided results for our office.”

P: 1300 572 199 F: 1300 351 199

W: www.protectionandcollection.com.au

E: info@protectionandcollection.com.au



Protection & Collection
...go with the strength

Print matters



BY RODNEY WADE

PRINT IS STILL THE CORE FORM OF COMMUNICATION FOR REAL ESTATE AGENTS. HERE ARE SOME TIPS TO ENSURE YOUR PRINTED MATERIAL IS HELPING ACHIEVE YOUR MARKETING OBJECTIVES WHILE REMAINING ENVIRONMENTALLY SENSITIVE.

Print is certainly changing in the digital age. But real estate agents recognise that it is still an extremely important part of their communications and should complement, rather than replace, digital channels.

While print does consume valuable resources, when those resources are used efficiently throughout the production process, you can not only reduce the time spent on individual projects as well as their associated costs, but also the size of your carbon footprint.

By accident or design?

The design of all your material – from marketing material right through to your company stationery – is without doubt the most important part of this story. Like it or not, it reflects on who you are, your professionalism and what you have to say.

Many agents use a designer either externally or in-house. Either way it's important to understand the basic principles of design.

1. Brief well

This may sound obvious but a clear, well-defined design brief

is essential. Ensure the designer knows what you want to achieve, who you are trying to reach and what your key messages are. The designer will then be able to highlight why people should enlist your services and what's in it for them.

2. Grab attention

Generally, the human eye will be drawn to the top third of printed material – so make sure it's eye-catching.

3. Keep it simple

When writing the copy, resist the temptation to fill every bit of space with information. You don't have to tell your potential customers everything, just whet their appetite. Say twice as much with half the number of words.

4. Picture power

Use colour and imagery to maximise visual impact and differentiate yourself from your competitors. For example, it may be tempting to feature lots of properties and include all the highlights of each one. But, in many cases, a single image with a short description has more impact.

5. Size does matter

Can a smaller document serve the same purpose and have just as much impact as a larger item? Large or odd-sized items may not use paper efficiently and can result in substantial amounts of waste. Choosing a standard or

USE COLOUR AND IMAGERY TO DIFFERENTIATE YOURSELF FROM YOUR COMPETITORS.

smaller size not only minimises the impact on the environment, but also saves money.

6. Less complexity equals less waste

Simplifying a printed piece can also reduce waste. Complex folding specifications are often costly and require more paper. Sometimes, reducing complexity might be as simple as adjusting the size of a pocket or folded section.

7. Check mate

Always ask a third party to double check your information before it goes to the printer. This could be in the form of a hard copy or online version. It's so easy to miss something and it is not the responsibility of the designer to check your work. Get someone you trust to check all the telephone numbers, directions, web addresses etc.

Rodney Wade is the National Environmental and Technical Printing Manager at Finsbury Green, a Melbourne-based printer that produced 13 editions the Real Estate Journal. For more information or printing advice call (08) 8234 8000 or visit www.finsbury.com.au ♦

Keep learning

**REINSW
TRAINING
LIFT-OUT**

New courses

We are now scheduling a new series of professional development training and will be launching three new courses starting in the April to June quarter. These will include training on Green Leases (commercial and residential property managers and strata managers) and energy efficiency (commercial and residential sales and strata managers). There is also a course titled 'Prepare for Selling Like Never Before', a guide for residential sales agents on how to assist vendors to style their home and gardens in preparation for sale, as well as tips on vendor paid advertising.

Schedule changes

We have also decided to create more flexible options to the part-time Course in Property Practice (CPP). The course will be held on Tuesday and Wednesday from 5.30pm to 8.30pm and run over five weeks at REINSW. The new schedule starts in June and will be published in the training calendar.

CPD update

CPD training will also occur bi-monthly from 5.30pm to 8.30pm at REINSW premises. New course schedules will be published in the Training Liftout of the May edition of the *Real Estate Journal*.

eLearning for REIACT members

This month the eLearning for Canberra agents will commence. We have all worked really hard to get these courses up and running, and assisting REIACT to offer training to their members and those NSW agents who cross over the border into the ACT.

Environment a hot topic



BY SUSAN HULL
REINSW EDUCATION & TRAINING
MANAGER

We are well and truly over the New Year hump and steaming ahead with a range of training initiatives. This year it is expected that agents will have some responsibility for measuring energy efficiency and reporting ratings for listed properties, so we will be developing some fact sheets and training courses (CPD) across the state. We have also come to an agreement with the National Stock Exchange in regard to partnering with them to develop courses for brokers and agents who wish to trade water.

National licensing

There have been no further developments on national licensing. However, a report has been issued which states: "The main risk to the long-term achievement of this reform was the potential for difficulties in resolving the financial implications and allocation of fees in the national licensing system.

"Agreement on legislation ... will be difficult without first settling these financial matters. These issues will need to be resolved by April 2010 at the latest to allow for the scheduled

passage of legislation in the Victorian Parliament—as the host jurisdiction for the legislation—by June 2010 ... However, a Victorian general election will be held on 27 November 2010 and this could in turn lead to a shortened sitting in the second half of 2010 and could disrupt the progress of National Licensing reform."^{*}

^{*} Source: (COAG, 2009p)

REINSW looks forward to updating you on developments in the area of national licensing reform following Council of Australian Governments' (COAG) meetings to be held in April.

tp:// www.

Convenient learning options

REINSW eLearning

Discover the flexibility of online learning

www.reinsw.com.au

REINSW Training Calendar

MAY/JUNE 2010

MAY

MON	TUE	WED	THU	FRI	SAT	SUN
3	4	5	6	7	8	9
SYDNEY Course in Property Practice (full time) - 5 days (9.00am-5.00pm)						
CANBERRA Course in Property Practice (full time) - 5 days (9.00am-5.00pm)						
TAMWORTH Free Industry Session (9.00am-3.15pm)	SYDNEY CPD How to have a compliant agency (9.30am-1.30pm)	BATHURST Free Industry Session (9.00am-3.15pm)				
	DUBBO Free Industry Session (9.00am-3.15pm)					
10	11	12	13	14	15	16
WOLLONGONG Course in Property Practice (full time) - 5 days (9.00am-5.00pm)						
CANBERRA Free Industry Session (9.00am-3.15pm)	SYDNEY CPD Steps to listing success for property managers (9.30am-1.30pm)	ALBURY CPD Win the business (9.00am-1.00pm)	WOLLONGONG Property Management Forum (3.00pm-5.00pm)			
	BATEMANS BAY Free Industry Session (9.00am-3.15pm)	SYDNEY Breakfast Club (7.30am-9.30am)				
		SYDNEY Real Estate Licensing Course (part time) commences				
17	18	19	20	21	22	23
SYDNEY Course in Property Practice (full time) - 5 days (9.00am-5.00pm)						
	SYDNEY CPD Setting up your agency (9.30am-1.30pm)	CANBERRA CPD The Lease and the Law (9.00am-4.00pm)	CANBERRA CPD How to have a compliant agency (9.00am-1.00pm)			
		SYDNEY Real Estate Licensing Course (part time) continues	TAREE CPD Win the business (9.00am-1.00pm)			
24	25	26	27	28	29	30
		 SYDNEY Strata Management Conference	BATEMANS BAY CPD Win the business (9.00am-1.00pm)			
		SYDNEY Real Estate Licensing Course (part time) continues				
31	 keep learning with the Real Estate Institute of New South Wales					

■ CPD workshops – go to www.reinsw.com.au for course descriptions and prices
■ Course in Property Practice (full and part time as indicated) Sydney and Wollongong \$590, Canberra \$750/\$850. Price includes REINSW Student Membership
■ Free Industry Session. New Industry Awards – Agency Impacts

■ Real Estate Licensing Course (full and part time as indicated) Sydney \$3370/\$4225 (flexible enrolment options available)
■ Forums \$25/\$50
 Prices are indicated as member/non-member and GST inclusive

JUNE

MON	TUE	WED	THU	FRI	SAT	SUN
	1	2	3	4	5	6
	SYDNEY CPD An agent's guide to tax and property investment (9.30am-1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues				
SYDNEY Course in Property Practice (full time) - 5 days (9.00am-5.00pm)						
7	8	9	10	11	12	13
SYDNEY Real Estate Licensing Course (full time) - Week 1 Market Property, Agency and Self - 5 days						
	SYDNEY CPD Prepare for selling like never before (9.30am-1.30pm)	SYDNEY Forums@4				
		TWEED HEADS CPD Prepare for selling like never before (9.00am-1.00pm)				
		SYDNEY Real Estate Licensing Course (part time) continues				
14	15	16	17	18	19	20
QUEEN'S BIRTHDAY PUBLIC HOLIDAY	SYDNEY CPD How to have a compliant agency (9.30am-1.30pm or 5.00pm-9.00pm)	SYDNEY Real Estate Licensing Course (part time) continues	MANLY CPD Win the business (9.00am-1.00pm)		SYDNEY Course in Property Practice (part time) commences (9.00am-5.00pm)	
SYDNEY Real Estate Licensing Course (full time) - Week 2 Real Estate Sales - 4 days						
		SYDNEY Course in Property Practice (part time) Session 1 (5.30pm-8.30pm)	SYDNEY Course in Property Practice (part time) Session 2 (5.30pm-8.30pm)			
		DUBBO CPD Rural Day (9.00am-1.00pm)				
21	22	23	24	25	26	27
	BATHURST CPD The Lease and the Law (9.00am-1.00pm)	ORANGE CPD The Lease and the Law (9.00am-1.00pm)	FORBES CPD The Lease and the Law (9.00am-1.00pm)	DUBBO CPD The Lease and the Law (9.00am-1.00pm)	SYDNEY Course in Property Practice (part time) continues (9.00am-5.00pm)	
SYDNEY Real Estate Licensing Course (full time) - Week 3 Managing Agency Finances - 5 days		SYDNEY Real Estate Licensing Course (part time) continues				
SYDNEY Course in Property Practice (full time) - 5 days (9.00am-5.00pm)		SYDNEY Course in Property Practice (part time) Session 3 (5.30pm-8.30pm)		SYDNEY Course in Property Practice (part time) Session 4 (5.30pm-8.30pm)		
	SYDNEY CPD Essential OH&S for Property Managers (9.30am-1.30pm or 5.00pm-9.00pm)	SYDNEY CPD Essential OH&S for Property Managers (5.00pm-9.00pm)				
28	29	30	JULY 1	2	3	4
SYDNEY Real Estate Licensing Course (full time) - Week 4 Residential Property Management - 5 days					SYDNEY Course in Property Practice (part time) continues (9.00am-5.00pm)	
	SYDNEY CPD Creating impact and influence (9.30am-1.30pm or 5.00pm-9.00pm)	SYDNEY CPD Creating impact and influence (5.00pm-9.00pm)		SYDNEY Course in Property Practice (part time) Session 6 (5.30pm-8.30pm)		
		SYDNEY Real Estate Licensing Course (part time) continues				
		SYDNEY Course in Property Practice (part time) Session 5 (5.30pm-8.30pm)				

WANT TO KNOW MORE?

You can find out more about all of our courses by going to www.reinsw.com.au – simply click on Course Schedule in the Training menu.

PREPARE FOR SELLING LIKE NEVER BEFORE

Increase your sales. This course provides a guide for residential sales agents on how to assist vendors to style their home and gardens in preparation for sale, as well as tips on vendor paid advertising.

Sydney 8 June 2010

Tweed Heads 9 June 2010

Cost \$199 REINSW members / \$245 Non-members

FREE INDUSTRY SESSION NEW INDUSTRY AWARDS

New national industrial awards came into effect on 1 January 2010. These new Awards have wide-ranging ramifications for all employers in the real estate industry.

Are you aware of how the changes will affect your agency?

Tamworth 3 May 2010

Dubbo 4 May 2010

Bathurst 5 May 2010

Canberra 10 May 2010

Batemans Bay 11 May 2010

Wagga Wagga 12 May 2010

Cost FREE



Trainer of the month

ANTHONY MERRITT

An experienced trainer, friendly and approachable, Anthony Merritt is new to REINSW in 2010. Passionate about education and training, he has quickly settled in as part of the team.

Having received his own real estate training through REINSW, Anthony had always wanted to work for the organisation and pass on his own love of learning.

A licensed real estate agent, Anthony has vast range of experience including course and assessment writing, assessing, sales and marketing, negotiation and communication skills.

Anthony brings with him a thorough knowledge of NSW and ACT legislation, having a great personal interest in the legal side of the real estate industry. He comes from a sales background, but has a passion for all areas of real estate practice.

With an engaging and interactive presentation style, Anthony believes that his greatest accomplishment will be if his students not only learn the necessary information, but enjoy learning. Spend five minutes with him and you can tell that he loves what he does – his eyes light up as he speaks, and it is really hard not to get swept up in his enthusiasm.

PLAYING IT SMART – ESSENTIAL OH&S FOR PROPERTY MANAGERS

Your expert trainer will present case studies that highlight critical OH&S issues. Learn simple steps to implement systems within your agency to protect yourself, your tenants and your owners from injury and litigation.

Sydney 22 June 2010

Sydney 23 June 2010

Cost \$199 REINSW members / \$245 Non-members

CREATING IMPACT AND INFLUENCE

Real estate practice is about winning the business. Vital to securing new business is the ability to create impact and only then will you gain the ability to influence decisions, ensuring your success.

Sydney 29 June 2010

Sydney 30 June 2010

Cost \$199 REINSW members / \$245 Non-members

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Driven by the detail

THE SECRET TO BEING A SUCCESSFUL PROPERTY MANAGER IS ATTENTION TO DETAIL, SAYS TRACY BILLINGS, PROPERTY MANAGEMENT TEAM LEADER AT RAINE AND HORNE.

Originally from an accounting background, Tracy Billings – who now heads up the property management team for Raine and Horne’s Bondi Junction, Coogee and Clovelly offices in NSW – used her skills to get into real estate in 1996.

“My accounting background helped me a lot when I was starting out in real estate,” says Tracy. “I could walk tenants through their monthly statement, explain any items they didn’t understand and advise them on how to budget for their rent payments.”

Breaking into the industry by taking a trust accounts position with her first firm, Tracy quickly learned that both accountancy and property management hinge on fine details. “You have to dot your ‘i’s and cross your ‘t’s in everything that you do as a property manager because one small mistake can quickly snowball.”

She gives the example of incorrect dates in letters to tenants. “If one digit is wrong you can have a tenant waiting in your office ready to sign an agreement and not have the paperwork ready.”

Tracy is so concerned about detail, in fact, that she created what she calls ‘an ideal week’ – a calendar of all the tasks she needs to perform for her week to be as productive as

“YOU HAVE TO BE EXTREMELY CAREFUL WITH TEXTS OR EMAILS... SO MUCH CAN BE MISINTERPRETED.”

possible. No task is insignificant – she even has a reminder to answer her emails. But she wasn’t always this organised.

“I used to be a procrastinator and actually did a course on how to be more organised,” Tracy says. “I learned to do the one thing I like doing the least, or would be likely to put off, first thing in the morning so I can get on with my day.”

Tracy regularly passes on this sort of practical advice to her team of property managers. Another lesson from her years of experience is the importance of regular communication with owners and tenants. She believes follow-up phone calls build strong relationships. While there are other channels such as SMS, email and social media, Tracy warns:

“You have to be extremely careful with texts or emails. When you’re writing to an anxious person whose property you’re trying to lease, for example, it’s hard to convey your concern and so much can be misinterpreted.

“With one phone call, however, you can make someone feel as though you’re doing absolutely everything in your power to lease their property,” she says.



This personal approach to professional dealings is also very much part of the Raine and Horne culture, says Tracy. She sees the family-owned firm as one that can see the potential in its people – just as it did with Billings herself. “With junior positions we’re no longer taking the angle that we’ll just employ 20-year-olds just out of school. We’re also looking at more mature people – for example, property management can be ideal for working mums who bring maturity to the role.”

Looking back on 10 years in property management, Tracy says her initial passion for sales feels like a distant memory. “I wanted to get into sales and thought property management was just a way to get my foot in the door. But I’m so glad my career took an unexpected

“PROPERTY MANAGEMENT CAN BE IDEAL FOR WORKING MUMS WHO BRING MATURITY TO THE ROLE.”

turn because I find my role very rewarding,” she says.

Tracy is instilling the same enthusiasm for property management in her team, which includes four property officers and eight property managers ranging in age from 22 to 55 years. “I want the team to get the same satisfaction I do when I put a good tenant in a good property,” she says. ♦

Regional resilience in the commercial sector



BY GAYLE BRYANT

EMERGING FROM THE WEAKEST COMMERCIAL PROPERTY MARKET IN MORE THAN 10 YEARS, AGENTS IN REGIONAL NSW ARE POISED FOR SOLID GROWTH OF THEIR COMMERCIAL PORTFOLIO IN 2010.

Commercial property across Australia, including within regional areas, experienced a slowdown over the past 18 months. And while conditions appear to be improving, the market is expected to remain subdued for a while.

Martin Hession, head of property at Australian Unity Investments says the downturn was very different to the one in the late 1980s and early 1990s when there was a huge oversupply of property – particularly commercial – that weighed on the market for years.

“The reasons for the recent turmoil in the property market were quite different and caused by disruption in the banking industry,” he says. “In fact, because banks have not been financing property development for almost two years, supply is set to become tight very quickly. Combined with an economic recovery in Australia and solid growth in white-collar employment, you get the ideal conditions for substantial growth in the property market.”

Hession says industrial property is a good example of a sector that has strong prospects.

Great expectations

“Industrial property became overpriced in about 2007, so

prime yields fell to between 6.5 per cent and 7.5 per cent which was very low,” he says. “When the global financial crisis occurred, the market took the view there would be a recession and that a lot of warehouse space would not be needed because retail sales would plummet and other companies would go out of business.

“As a result, values dropped and the yields suddenly went to nine per cent and even as high as 10.5 per cent, which was too far the other way.”

Hession says the recession didn’t occur and retail sales were not badly affected. “We see yields on industrial property coming back pretty dramatically to about 8.5 per cent. Even on a five-year view, we expect they will reduce to around 7.5 to eight per cent so we are going to see quite a rise in values.”

Exercising caution

Angus Klem, Managing Director of CBRE Newcastle says over the past 18 months, the commercial property market in regional areas has been the most depressed it has been in 15 years.

“One of the main reasons for the situation is the lack of capital expenditure (capex),” he says.

“Most regional businesses have their head office in Sydney and the real handbrake on commercial property in the regions was head office saying no to any capex requests to move offices.”



Klem says there was money to pay rent but not to move, although this is now changing and head offices are saying a move may be possible this year or next.

“Another change in this area was the lack of development,” he adds. “Banks weren’t lending on land developments and were not happy to give money to developers who had no precommitments for leases.”

He says property developers are still struggling to get finance for developments in both regional areas and cities as banks become more diligent about their lending practices.



1

1. THE COAL INDUSTRY HAS LIFTED PROPERTY PRICES IN NSW'S HUNTER REGION.
2. FASTWAY COURIERS IN MAYFIELD WEST, COMMERCIAL BUILDING MANAGED BY CBRE NEWCASTLE.
3. THE GLASS HOUSE BUILDING IN WICKHAM NSW, RETAIL SPACE MANAGED BY CBRE NEWCASTLE.
- 4 AND 5. CBRE NEWCASTLE MANAGES GHD (ENGINEERING, ARCHITECTURE AND CONSULTING FIRM) IN NEWCASTLE.



2



3



4



5

"Developers aren't building and the existing commercial stock that had vacancies is quickly being taken up by tenants," he says. "We may see a switch where developers will start building again but that won't happen for another two to two and a half years."

Unique business drivers

Klem operates in Newcastle in NSW's Hunter region and while he claims the area wasn't unaffected by the global financial crisis, he believes the strength of the coal industry really helped keep businesses viable. "Most businesses feed off the coal industry, including ours," he says.

An area that performed exceptionally well last year is Canberra. Nick McDonald Crowley, Managing Director of CBRE's Canberra office

says the big attraction of this area is the Commonwealth lease covenants.

"There is a lot of property that is leased by the Commonwealth Government for up to 15 years," he says. "We get a lot of interest from overseas pensions funds who also like the fact our inflation rate is higher than theirs."

McDonald Crowley says there was around \$100 million worth of commercial property transactions last year in Canberra, a significant proportion coming from overseas.

"We didn't suffer anywhere as much as other regions in the downturn," he says. "Although we did find property developers had to tighten their belts as they found it difficult to put packages together." ►

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“WITH COMMERCIAL PROPERTY, YOU ARE NOT DEALING WITH THE EMOTION THAT YOU TEND TO DEAL WITH WHEN SELLING RESIDENTIAL PROPERTIES”



ATO BUILDING ON GENGE STREET, CANBERRA

A commercial sales approach

When it comes to selling commercial property, Klem believes the skill sets are the same for estate agents whether they are based in the city or regional areas. “However, with commercial property, you are not dealing with the emotion that you tend to deal with when selling residential properties,” he says.

“You’re generally dealing with accountants or advisers who are looking at the needs of the business.”

McDonald Crowley agrees that the skills sets are the same for commercial and residential agents, but there are some differences.

“WE SEE YIELDS ON INDUSTRIAL PROPERTY COMING BACK PRETTY DRAMATICALLY.”

“People who want to buy commercial property are those after a return on their money, so I find the good commercial agents are those who have a background in property valuation and a good understanding of returns.”

Catalyst for growth

REINSW President Wayne Stewart says that in a regional area, industrial and retail property has

an enormous influence on what happens in the area surrounding it.

“Commercial property attracts employment and people that want to live close to that infrastructure,” he says. “For example, in the city of Newcastle we have seen commercial areas develop around residential areas and vice versa. Commercial property is part of the future of residential growth, especially in outer townships.”

Stewart says in the case of Maitland in the lower Hunter region, a major industrial area was built at the end of the F3 freeway. This has contributed to the state’s growth.

“PEOPLE WHO WANT TO BUY COMMERCIAL PROPERTY ARE THOSE AFTER A RETURN ON THEIR MONEY.”

“The industrial areas that were built there have led to major residential releases in the same area,” he says. “It can work both ways – commercial property growth can also follow residential growth. I doubt if areas such as Thornton [also in the lower Hunter] for example, would have developed if there hadn’t been growth in its industrial property infrastructure.” ♦

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New OH&S model: your legal obligations



BY JOHN MAKRIS

PRIMARY OBLIGATION WILL BE RECAST UPON ANY PERSON CONDUCTING A BUSINESS OR UNDERTAKING.

IN 2012, NSW WILL ADOPT NEW OH&S REGULATIONS AND CODES OF PRACTICE. FIND OUT WHAT THE CURRENT LEGAL OBLIGATIONS OF PROPERTY OWNERS, OCCUPIERS AND MANAGERS ARE, AND WHAT WILL CHANGE UNDER THE NEW LEGISLATION.

Harmonised O&HS laws will come into force from 1 January 2012. These laws will consist of a model Act which is to be adopted by each state and territory. The Model Work Health and Safety Bill was released in final form in December 2009. Model regulations and codes of practice are presently being drafted. This article will briefly outline the current OH&S obligations for property owners, occupiers and managers under the Occupational Health and Safety Act 2000 (NSW) (Act) and the likely impact of the harmonised laws upon those obligations.

Current obligations

Presently in NSW, the OH&S obligations of property owners, occupiers and managers, where the premises is a workplace, arise essentially in two contexts. The first is as an employer and the second is as a controller of the premises.

Under the Act, every employer in NSW must ensure the health, safety and welfare at work of all its employees and must ensure that other people (other than the employees of the employer) are not exposed to risks to their health or safety arising from the conduct of the employer's undertaking while they are at the place of work.

In relation to controllers, the Act requires any person who has control, to any extent, of any premises used by people as a place of work to ensure that it is safe and without risks to health. Rather than focusing on the work carried out by employees and others, this obligation concentrates on the physical attributes of the property and the matters of which the owner, occupier or manager have control.

The requirements of controllers extend to access to or exit from the premises. Further, control can include people who have, under any contract or lease, an obligation to maintain or repair the premises (in which case the duty applies only to matters covered by the contract or lease). For example, if you manage a property and have knowledge of

a faulty gate but do not bring this to the attention of the owner, or have the contractual obligation to maintain the premises but don't carry the repair out, and that gate falls on someone, you will have a liability as a controller irrespective of whether you are physically at that property or not.

What is presently required of employers and controllers is that they proactively manage risks in the workplace. First, this entails consideration of the risks associated with the premises itself. Second, an assessment is required of any work that needs to be carried out, and by whom. Further, the engagement of contractors to carry out works at the premises can expose property owners, occupiers and managers to breaches of the safety legislation. For example, if a principal contractor has not been properly appointed for the works, liability from that role reverts back to the owner who has not undertaken appropriate risk management activities.

The impact of harmonised laws

So how will changes under the proposed harmonised laws affect owners, occupiers and managers?

EMPLOYERS AND CONTROLLERS NEED TO BE PROACTIVE IN IDENTIFYING, ASSESSING AND CONTROLLING RISK.

The obligations of employers and controllers will remain. Employers and controllers will still need to be proactive in identifying, assessing and controlling risks. However the primary obligation will be re-cast upon any person conducting a business or undertaking. This means that the net will be cast wider so that others will have OH&S responsibilities. One example is financiers of real estate projects or those in the background who are not part of the contractual arrangements but have an influence, for example in approving expenditure affecting safety issues.

A second change, following from the first, is the proposal to make 'officers' personally liable. An 'officer' will be defined in accordance with the Corporations Act 2001 to include directors and





secretaries. However this definition also includes a person “who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the corporation” and a person “who has capacity to affect significantly the corporations’ financial standing”. While it has been suggested that this will only expose the most senior management (as distinct from lower level managers who are now liable in New South Wales), it remains to be seen how these phrases are

interpreted in the context of a safety breach. Nevertheless, officers will have a positive obligation to ensure that they exercise due diligence to ensure their business complies with the law.

A third significant change is the level of penalties to be imposed under the new model legislation. The maximum penalties will be increased to \$3 million for a corporation and \$600,000 and/or five years’ imprisonment for an individual.

These are significant changes and bring penalties for safety breaches in line with environmental offences. They also signal an intention that the legislators are very serious about safety breaches.

If you have any questions in relation to this article please contact John Makris, Special Counsel, Middletons on (02) 9513 2564 or email john.makris@middletons.com ♦

Preparing for the new rules

Given that harmonisation is only a little over 18 months away, you need to start thinking about what changes you need to make. Here are three places to start.

- 1. Undertake a gap analysis of your safety systems**
 What are the changes that need to be made to your systems and processes to protect your business and people?
- 2. Review your property risk management strategies**
 Identify and address the specific risks at each of the premises under your control.
- 3. Review your contractor engagement processes**
 Do your contractors comply with their contractual and statutory obligations? How should you structure your contracts to best protect your business?

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STRATA MANAGEMENT: Unfair tax for retirees



BY GARY ADAMSON

RETIREES ARE BEING UNFAIRLY HIT BY GST ON THEIR STRATA LEVIES DUE TO TAX LAWS THAT AFFECT PEOPLE WHO LIVE IN LARGE STRATA SCHEMES.

When the GST was introduced in 2000, there was a general misunderstanding within the strata and community title industry that it would apply to all strata and community title properties. Following clarification of the GST position by industry peak bodies, it became evident that any strata scheme or community association could register for GST purposes but did not have to register unless the total levies (including special levies) raised in any 12-month period exceeded the mandatory registration threshold of \$50,000. The threshold was subsequently raised to \$150,000 in 2009 (after considerable lobbying by the industry, in particular REINSW).

Urban consolidation

The NSW Government's policy of 'urban consolidation' around major infrastructure, such as railways and shopping centres, is driving a trend toward larger strata schemes. Consequently, a growing number of large residential developments are being built.

WE NOW HAVE A SITUATION WHERE THOSE WHO RESIDE IN LARGER DEVELOPMENTS ARE BEING FORCED TO PAY GST.

These developments naturally have larger total annual levy budgets and are therefore more likely to have total annual levies in excess of \$150,000 per annum, which requires mandatory registration for GST purposes. Retirees who are self-funded, dependent upon pensions or a combination of both who reside in these larger developments are being forced by State Government to pay GST.

Those who reside in smaller developments, on the other hand, can avoid paying the tax on their levies. The GST scheme discriminates between strata and community title property owners – a growing proportion of which will be limited-income retirees – based solely on the size of the development they reside in as opposed to the purpose of the building to supply residential housing.



Revenue raising

The conundrum is that the NSW Government is a major beneficiary of the GST revenue and it is this government's urban consolidation policy which is driving the construction of larger developments which have to register for GST that is collected by the Commonwealth Government.

This revenue is redistributed through the Commonwealth Grants Committee and is reimbursed to the states in its entirety. But NSW

receives less in GST than it pays, whereas states such as Queensland and South Australia have been receiving more than is collected from the states' residents.

What we need now is a change of the GST tax law as interpreted by the ATO to eliminate this blatant and growing financial discrimination through the GST system against retirees and others residing in larger residential strata schemes and community associations. ♦

HOLIDAY & SHORT TERM RENTALS: Deposits under scrutiny



BY DIRK HERTFORD

A RECENT NEWSPAPER ARTICLE HAS HIGHLIGHTED THE NEED FOR AGENTS TO BE MINDFUL WHEN COLLECTING OR WITHHOLDING BONDS FOR HOLIDAY RENTALS.

The article published in the *Sun-Herald* on 12 February, titled 'Caught in a rip-off', reported on a Sydney advertising executive who stayed in Byron Bay over the Christmas holidays.

The advertising executive said his bond of \$2000 was withheld due to noise complaints during his stay. The landlord argued that he was charged for two security company callouts and that the terms and conditions of the rental gave him the right to withhold the entire bond.

The Office of Fair Trading commented on this case and the issue of consumer protection, noting that there was no specific legislation for bonds paid for holiday rentals.

At the moment, these bond deposits for holiday rentals are subject to general fair trading law and the agreements made by the relevant parties. However, if problems occur on a regular basis it is likely that there will be calls for additional regulations to be placed on agents.

Agents managing holiday and short-term rentals collect security deposits to make bookings and hold security as a form of bond.

Deposits work for consumers in keeping prices down by ensuring highest occupancy and incentivising guests to minimise repair and maintenance costs.

The two main monetary issues for consumer protection are agents' handling of security deposits and withholding of bonds. They occur at both ends of a booking and every office in this area of practice needs to be clear on both.

When a customer books accommodation and places a holding deposit to confirm that property, the money needs to be held in trust and only applied to rent once the booking has commenced.

When a security deposit is withheld it needs to be consistent with the agreed visitor terms and conditions. Deductions must be made transparent for the customer.

REINSW is developing a policy that will then be discussed with the Office of Fair Trading, particularly relating to the holding of deposits until the arrival date.

Best Practice Guidelines for holiday rentals have already been sent to each REINSW member agency and are available at www.reinsw.com.au

Dirk Hertford is General Manager of Park Beachside at Coogee in Sydney's eastern suburbs, and is also the Chair of REINSW's Holiday and Short Term Rentals Chapter Committee. ♦

THE TWO MAIN ISSUES FOR CONSUMER PROTECTION ARE AGENTS' HANDLING OF SECURITY DEPOSITS AND WITHHOLDING BONDS.

Tips to minimise disputes

- Provide a Condition Report (and hold a detailed CD of images)
- Provide an Inventory Report
- Provide an after hours contact number
- Obtain signed Terms and Conditions
- Display a price list of common costs e.g. excess rubbish, lost keys, property manager hourly rates to attend to repairs
- Require guests to report any repair, maintenance or damage immediately
- Communicate via email so that correspondence is in writing, take notes and maintain a complaints register

PROPERTY MANAGEMENT: Time to review the basics



BY COLIN RODGERS

REVIEWING YOUR BASIC PROPERTY MANAGEMENT PROCESSES WILL IMPROVE YOUR PROFESSIONAL IMAGE. HERE'S A CHECKLIST OF TASKS PROPERTY MANAGERS PERFORM EACH DAY THAT COULD BE IMPROVED AND SHOULD BE CONSISTENT ACROSS YOUR DEPARTMENT.

To be a success in a world where expectations of service providers are getting higher, property managers need to revise what they do every day to meet and exceed the needs of current and potential clients. You don't have to be a smooth talker or the smartest kid on the block, you just need to master the basics.

Over the past two years I have asked property managers across Australia about what needs to be done to improve the performance of their department. The overwhelming response was 'reworking and revising the fundamentals'. Regardless of whether your department consists of two or 22 people, ensure everyone does everything the same way. Dialogues, for example, are the verbal procedures of your department. Scripts need to be created so when a member of staff converses with a member of the public, the message is always the same. What you are doing is building a theme of consistency in your department.

There are several fundamental areas that must have consistent processes. Improve what you are presently doing, find out where you can save time, streamline your procedures and create a script to maintain consistency.

Colin Rodgers is the General Manager of Property Management at McGrath Property Management Cronulla and a member of the REINSW Residential Property Management Chapter Committee. ♦

Process checklists you should review

1. Showing prospective tenants properties

- ✓ The way you meet and greet people over the phone, in the office, at the property and via email.
- ✓ How you confirm and conduct inspections.
- ✓ Information you give to prospective tenants.
- ✓ Controls in place to minimise misunderstandings.
- ✓ Ensuring you have the right keys and all the relevant information about a property.

4. Inspections during the tenancy

- ✓ How inspections are arranged and conducted, including their frequency and the time of day/day of the week you conduct them.
- ✓ Time each inspection takes and variances in inspection times.
- ✓ The letter you send a tenant and mail merging.
- ✓ What you report to the owner.
- ✓ Recording all relevant information, including action taken if the tenant needs to rectify something.

2. Processing tenancy applications

- ✓ How and when prospective tenants are informed of tenancy requirements.
- ✓ The internal application process (i.e. checking, approving and declining applications) and application turnaround time.
- ✓ Standard forms – are they meeting your needs?
- ✓ Filing of application paperwork.
- ✓ Procedures to inform staff members that an application has been received, reservation fee taken and lease signed.
- ✓ Scripts to inform the owner and tenant about acceptance or decline of an application.

5. Rent reviews

- ✓ Frequency of rent reviews.
- ✓ Systems you have in place and whether trust accounting programs are being used effectively.
- ✓ Determining if rent is to increase or stay the same.
- ✓ How and when you inform the landlord of your recommendations.
- ✓ The content of the letters that you send owners and tenants.
- ✓ How you ensure future reviews are undertaken.

3. Signing tenancy agreements

- ✓ Tenancy agreement appointment process.
- ✓ Where you meet with a tenant to sign the agreement.
- ✓ Points to cover at an agreement signing.
- ✓ How tenancy start monies are paid.
- ✓ Preparing information the tenant takes with them after an agreement signing.

6. Agreement expiry/renewal

- ✓ How often you follow-up pending expiries.
- ✓ Determining which agreements should be renewed.
- ✓ Scripts for recommending an agreement renewal to the landlord and calling the tenant to renew an agreement.
- ✓ Your fees – who pays and when?
- ✓ How and when you inform the landlord that an agreement has or hasn't been signed.
- ✓ Steps in place for future renewals.

Property Management Conference wrap up



"IT'S NOT JUST ABOUT GETTING MORE PROPERTIES BUT GETTING THE RIGHT PROPERTIES AND ATTRACTING THE RIGHT CLIENTS."



REINSW ADVISOR TIM ANDERSON TALKS ABOUT THE RESIDENTIAL TENANCIES ACT.

KEYNOTE SPEAKER JULIE RYAN GAVE TIPS ON GROWING YOUR RENT ROLL.

CATCH UP ON THE HIGHLIGHTS OF THE PROPERTY MANAGEMENT CONFERENCE, WHICH HAD MEMBERS ACROSS NSW TALKING ABOUT GROWING THEIR RENT ROLL, SOCIAL MEDIA AND THE PROPOSED CHANGES TO THE RESIDENTIAL TENANCIES ACT.

The REINSW Property Management Conference in March was a sell-out – and it's easy to see why. Keynote speaker Julie Ryan is a real estate marketing guru who gave members practical advice on how to grow their rent roll.

"It's not just about getting more properties but getting the right properties and attracting the right clients," she told members. "You want loyal profitable clients coming into the business."

She also encouraged members to embrace social media such as Facebook and Twitter, which allows property managers to keep in touch with their clients on a regular basis.

REINSW's Senior Property Management Compliance Advisor Tim Anderson then took members through the proposed changes to the Residential Tenancies Act and REINSW's objections to those changes. Passionate about protecting agents' rights, Tim believes the new Bill creates an imbalance of power in favour of the tenant.

"But what about the people providing the accommodation," he says. "If the Bill goes through, we will lose some of the smaller players and the market will shrink."

He urged agents to be prepared for the change. "Everything will change ... we've got to be ready to move on it when the time comes," he says.

Insight into tenancy databases from Managing Director of Trading Reference Australia Gai Williams capped off the event. ♦



(L-R) REINSW MEMBERS JAMES REES, KATHRYN MARSHALL AND DAVID VEREO.

Member response

David Vereo, Kathryn Marshall and James Rees from Century 21 commented that Julie Ryan's talk had some very useful insights. "There were marketing ideas I hadn't thought of," says David. "Especially, the walk score website that tells you how walkable the area surrounding a property is – it's a great way we can add value to clients," James adds.

Kathryn agrees with Julie that all agents should set up a Facebook page. "We have a Facebook page for our Double Bay office which has 300 friends. It works well for us," she says.

Money making secrets when you're starting out



BY JUSTIN MULCAHY

THE FIRST YEARS OF YOUR CAREER AS A SALES AGENT ARE THE TOUGHEST FINANCIALLY. WHILE YOU'RE LEARNING THE ROPES IN REAL ESTATE, THE FOLLOWING TIPS WILL HELP YOU MANAGE YOUR MONEY EFFECTIVELY.

Starting your real estate career can be difficult at the best of times, as many sales agents work on commission and don't have a regular income stream. The secret to making it through these first years is good planning and financial discipline – you might even save a few dollars along the way.

Create a budget

Living within your means may sound simple, but few Australians follow the advice. The ratio of personal debt to income in Australia is one of the highest in the world. For every \$100 we earn, we owe \$130, according to the Reserve Bank of Australia. A budget is crucial to balance what you are earning with what you are spending and, if possible, tip the scales so that you actually start saving money.

THE SECRET TO MAKING IT THROUGH THESE FIRST YEARS IS GOOD PLANNING AND FINANCIAL DISCIPLINE.

Here are six steps to creating a budget that will help you review your spending patterns.

- 1. Gather all financial statements.** (e.g. bank statements, utility bills and any information regarding a source of income or expense).
- 2. Record all sources of income** as a monthly amount. (e.g. salary, share dividends, interest on bank accounts and anything else that generates income).
- 3. Create a list of monthly expenses.** List your unavoidable expenses (e.g. rent, utilities, car repayments and insurance, personal loans and credit card repayments). In a separate column, list your avoidable expenses (e.g. clothing, restaurants, entertainment and gifts).

- 4. Total your monthly income and all expenses.** If your end result shows more income than expenses you are off to a good start. This means you can save the excess or pay a debt faster. If your expense column is higher than income, changes need to be made.

- 5. Make adjustments.** Look at your avoidable expenses and find areas to cut. At the very minimum remove enough expenses to balance your income and expense columns. If you have a specific financial goal, work out what you need to save on a monthly basis to achieve it (read more in 'Start a savings plan' below).

- 6. Review your budget monthly.** After the first month, compare the actual expenses with what you created in the budget. This will show you where you did well and where you may need to improve.

Start a savings plan

Setting up a savings plan encourages you to put aside your surplus income and accumulate

wealth. Aim to save at least 12 per cent of your gross income. If this is not achievable, work out how much you can save on a regular basis (if you have set up your budget, work it out a monthly figure). Then calculate how long it will take you to reach your goal.

There are several online tools, such as www.infochoice.com.au/banking, which allow you to compare high-interest savings accounts from major lenders. Any money that you do save has the potential to earn money.

Manage your debt

Reduce debt where you can, especially non-deductible debt like a credit card, motor vehicle or mortgage. Credit cards in particular are a common debt trap. Unlike a mortgage with a structured payment plan, it's easy to lose track of how much you're paying with plastic.

Shop around for a card with a low interest rate and, if your credit and savings accounts are with the same lender, set up an automatic payment



HAVING AN EFFECTIVE BUSINESS PLAN INCREASES THE ODDS OF YOU ACHIEVING YOUR FINANCIAL GOALS.

system to avoid late fees. When that sales commission does come in, take the opportunity to make an additional payment. You'll avoid the burden of a large credit card debt when the market slows down.

Real estate agents often get into debt through car loans. Sales agents who buy a flashy new car should consider whether they could do their job just as effectively with a less expensive car.

A new car is a depreciating asset and the loan is generally not tax deductible. If you want to start investing in an area with a greater return – like property, for example – there are more cost-effective loans, where the interest is not only lower but often tax deductible.

Develop a business plan

Develop a formal plan for where you are heading and what you want to achieve financially, including specific

actions you will take. A business plan will help you analyse where there is opportunity, pinpoint factors that will influence your success, force you to consider potential threats to achieving your goals, and confirm the level of demand for you and your services. It will also plot your goals and targets within achievable timeframes.

Having an effective business plan increases the odds of you achieving

your financial goals from one chance out of three to four chances in five – and if your boss sees it they may value you more as an employee who is proactive about their financial future.

Justin Mulcahy is the Division Manager and Private Wealth Advisor for Strategic Advisor, a financial services firm. For more information call 1300 730 620, email jmulcahy@strategicadvisor.com.au or visit www.strategicadvisor.com.au ♦

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WISE INVESTMENT:

Investing in property for the long term



BY CHRIS GRAY

'TAKE A LONG-TERM APPROACH' IS THE KEY MESSAGE FOR AGENTS WHO WANT TO INVEST IN PROPERTY OR ARE KEEN TO ADVISE CLIENTS ON PROPERTY INVESTMENT MATTERS.

One of the biggest mistakes made by investors and would-be investors is to take a short-term approach to their investment. As a professional property investor, I buy and renovate for people who don't have the time or knowledge to do it themselves. Over the years I have met hundreds of people who dream of getting the ultimate bargain – a rundown property, which they will be able to turn around within a few months, for a fabulous profit. Obviously, this is not often the case.

To start with, buying and selling involves agents fees, legal fees, stamp duty and, above all, capital gains tax. All of this can eat into your profits and in the end you'll be lucky to have made any decent profit at all.

Successful investors take a long-term, 'big picture' approach. My personal strategy is to accumulate as much investment property as I can – and never sell. If I can buy

"SMART LONG-TERM INVESTORS MIGHT WELL ACHIEVE \$40,000 TO \$50,000 CAPITAL GAIN PER PROPERTY EACH YEAR."

something for \$500,000 to \$1 million, I believe it will only be a matter of time before it is worth \$2 million.

Lessons from the downturn

The downturn over the past few years highlighted the need for a long-term view. Australian property prices may have fallen slightly during the GFC, but they remained resilient compared to the rest of the world and losses were not nearly as dramatic as those seen in the stock market. The relative stability of property as an asset class is why I am comfortable putting my money and my clients' money into property. Growth isn't consistent year-on-year, and from time to time there will be losses, but by holding onto your asset you can make up for any falls in value over the long term.

As my properties grow I keep part of the equity aside as a buffer for when things go wrong. When people panicked during the downturn there were some who chose to sell. For cashed up buyers, this represented an opportunity to get a great property at a reasonable price. Conversely, now that interest rates are rising, some are choosing to sell, again opening up opportunities to add well-priced properties to your portfolio. In fact, I believe interest rate rises are a good thing as they mean that values are also on the way up, which will lead to great capital gains for investors.

Buying to maximise value

For me it's not always about buying a property at the lowest price, but about buying the right property. The right property will grow seven to 10 per cent, will always attract tenants and will achieve rental returns of four to six per cent. For instance, although the market in general took a turn for the worse the past few years, there was ongoing demand for properties in sought-after suburbs due to the low levels of stock coming onto the market and the enduring popularity of the locations.

"GROWTH ISN'T CONSISTENT YEAR-ON-YEAR... BUT BY HOLDING ONTO YOUR ASSET YOU CAN MAKE UP FOR ANY FALLS IN VALUE OVER THE LONG TERM."

So while prices will not always skyrocket overnight, and may even be subject to initial losses in value, smart long-term investors might well achieve \$40,000 to \$50,000 capital gain per property each year. Think of it this way: if you own just two properties, that's \$100,000 in passive income. That's equivalent to a salary, but without having to put in the nine to five (which nowadays is more often eight thirty till six) each day. Most people believe that you need to sell to realise gains, but this is not the case.

A common myth about property ownership is that it can tie you down or limit your freedom. I see property as my ticket to freedom, as you're creating passive wealth away from your career. This means you become less reliant on your salary and are free to pursue your passions, rather than what pays the bills.

Chris Gray is a leading property expert. 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 ♦

Is your super lost in the mail?



BY JOHN GRIEG

TENANTS SHOULD FORWARD THEIR MAIL AS SOON AS THEY MOVE OR RISK LOSING TRACK OF THEIR SUPERANNUATION ACCOUNT.

Most people remember to update their address details with their bank, utility providers, family and friends when they move house. But what about your superannuation fund? The oversight is one of the reasons one out of every three Australians has lost track of at least some of their superannuation accounts.

If a new tenant marks mail as returned to sender, and this happens

to two pieces of superannuation mail, the member will be reported as lost and then registered on the Australian Tax Office SuperSeeker site. If you think you may have lost super, visit www.ato.gov.au/superseeker to search the database.

Small accounts

If you have lost a small account, it may have been sent to an eligible rollover fund. Many people don't try to track down small accounts as they imagine that they have been 'whittled away by fees'. But accounts under \$1,000 are protected from fees and will still exist. A widely used eligible



rollover fund is AUSFund, which has a free search site at www.unclaimedsuper.com.au

Another incentive to track down small accounts is that if the balance is less than \$200, you may withdraw it now. It might not be a lot of money, but it will pay for a dinner out or those new shoes you've been eyeing.

At the end of the day, superannuation is your money and it makes sense to keep track of it as you would with any bank account. So take time to make sure your superannuation fund has your current address details.

If you would like more information on superannuation or using REISuper as your default fund, email bdm@reisuper.com.au

Disclaimer

The information contained in this article does not constitute financial product advice. However, to the extent that the information may be considered to be general financial product advice, REISuper warns that REISuper has not considered any individual person's objectives, financial situation or particular needs. Individuals need to consider whether the advice is appropriate in light of their goals, objectives and current situation. Members should obtain and read the Product Disclosure Statement for REISuper before making any decisions. REISuperannuation Fund Pty Ltd ABN 68 056 044 770 AFSL 240569. RSE L 0000314

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Stand out from the crowd



BY JOHN CUNNINGHAM

REAL ACCREDITATION FROM REINSW CAN GIVE YOUR AGENCY A COMPETITIVE ADVANTAGE WITH THE ONLY INDUSTRY-VERIFIED QUALIFICATION.

Real estate professionals offering more or less the same services strive to differentiate themselves in a crowded marketplace. Through REINSW Real Accreditation, agents and agencies can provide clear evidence of a verified level of expertise. This reassures potential and existing clients they are credible and competent members of the real estate industry.

REINSW OFFERS SPECIALIST ACCREDITATION FOR AGENTS AND AGENCY ACCREDITATION FOR REAL ESTATE OFFICES.

Types of accreditation

REINSW offers Specialist Accreditation for agents and Agency Accreditation for real estate

offices. The two credentials work together – the practitioner attains and maintains better knowledge tools; and the agency addresses risk through insurance, submits to an objective review of their systems and makes a public commitment to ethical business practices.

Selection criteria

The knowledge and skill sets expected of those who qualify for Specialist Accreditation will be detailed in coming months after consultation with REINSW's Chapters.

Measuring your present knowledge and skills against the set benchmarks will focus your personal development goals. It will also help you judge whether to apply for Specialist Accreditation right away or refocus your professional development in pursuit of this worthy goal.

For more information about Real Accreditation, or to find out if you are eligible to apply, visit www.reinsw.com.au/accreditation ♦

RISE AND SHINE

start your day with the

REINSW BREAKFAST CLUB

Wednesday, 12 May 2010

Inspirational and always topical, the Breakfast Club series will motivate you to rise to the challenges posed by everyday real estate practice and shine amongst your peers.

**4 events
2 hours each
12 CPD points**

Interest rates and your agency

As interest rates continue to increase and affect house prices, they will also have an impact on sales and rental rates. What will this mean for your agency?

Chris Gray, a leading property expert and commentator, will explain how to benefit from rising interest rates by working them to your agency's advantage.

Venue Statement Bar, State Theatre, 49 Market Street, Sydney

Time Registration from 7.00am
Event 7.30am – 9.30am

CPD 3 points

Mark your diaries

Don't miss the rest of the Breakfast Club series – put these dates in your diaries today and satisfy your CPD requirements for the year.

- Wednesday, 11 August 2010
- Wednesday, 10 November 2010
- Wednesday, 9 February 2011

Details about topics and speakers will be announced soon.

Book for all four Breakfast Club events and receive a discount!

One Breakfast Club event: REINSW members \$65 / Non-members \$90
Four Breakfast Club events: REINSW members \$208 / Non-members \$288 (prices include GST and breakfast)

Register online today at www.reinsw.com.au

Free industry sessions for REINSW members

LEARN MORE ABOUT THE NEW NATIONAL INDUSTRIAL AWARDS AND HOW THEY AFFECT THE REAL ESTATE INDUSTRY AT A FREE INDUSTRY SESSION.

REINSW, together with the Real Estate Employers' Federation (REEF), offers members the chance to get up to speed with the Federal Government's new industrial awards which came into effect on 1 January 2010. REEF Executive Director Greg Paterson has played a pivotal role in shaping these new Awards and has acted as an advocate for real estate employers. He will clarify the Real Estate Industry Award 2010 and the Clerks – Private Sector Award 2010 and explain how they will impact employers in the real estate industry.

Session details

Time: 9am to 3.15pm
Points: 4 CPD points
Cost: Free

Locations around NSW

Newcastle Monday, 19 April
Gosford Tuesday, 20 April
Nthn Beaches Wednesday, 21 April
Bankstown Thursday, 22 April
Campbelltown Friday, 23 April
Sutherland Shire Tuesday, 27 April
Primbee Wednesday, 28 April
Tamworth Monday, 3 May
Dubbo Tuesday, 4 May
Bathurst Wednesday, 5 May
Canberra Monday, 10 May
Batemans Bay Tuesday, 11 May
Wagga Wagga Wednesday, 12 May

For more information or to register your place visit www.reinsw.com.au

Entries closing soon

THE PRESTIGIOUS REINSW AWARDS FOR EXCELLENCE GIVE OFFICIAL RECOGNITION TO THE INDUSTRY'S TOP PERFORMERS. NOMINATE YOURSELF OR A COLLEAGUE IN THE REAL ESTATE PROFESSION TODAY.

The REINSW Awards for Excellence encourage, recognise and promote excellence and best practice in real estate. This year, entrants in 25 categories will be judged on their knowledge, skills and innovation. Open only to REINSW members, all entries must be received by 5pm on Thursday, 13 May 2010.

How to enter

1. Go to the REINSW website at www.reinsw.com.au

2. Download an Entry Kit and Awards Criteria document. The Entry Kit sets out what the Awards program entails, eligibility requirements, how to enter, and where to send your entry form and submission. The Awards Criteria explain what you need to submit for each of the 2010 Awards for Excellence categories.

Award Categories

- **Auction Marketing.** For residential sales agents to showcase an auction campaign.
- **Auctioneers.** For auctioneers practising in New South Wales.
- **Business Agent.** For agents working in the field of business broking.
- **Buyers' Agent.** For agents working in the field of buyers agency.
- **Commercial Agency – Small.** For small to medium sized agencies employing 20 or less people, and which may be independent or franchised.
- **Commercial Agency – Large.** For large commercial agencies employing 21 or more people.
- **Commercial Property Management.** For commercial property managers working in single or multi-office firms.
- **Commercial Sales & Leasing.** For commercial sales and leasing agents working in single or multi-office firms.
- **Corporate Support.** For support staff working in administration, office management, reception, customer service or as personal assistants.
- **Delivery of Electronic Property Data.** For outstanding achievement in the delivery of property-related information to consumers.
- **Holiday & Short Term Rentals.** For firms excelling in this special area of residential rentals.
- **Innovation.** For firms showing innovation that has improved business efficiency.
- **John Greig OAM Community Service.** For an individual who has made an outstanding contribution to their local community.
- **Project Marketing.** For commercial agents to showcase the overall success of a marketing campaign.
- **Residential Agency – Small.** For residential agencies employing less than 10 people in a business conducted at a single location.
- **Residential Agency – Medium.** For residential agencies employing 10-20 people in a business conducted at a single location.
- **Residential Agency – Large.** For residential agencies employing 21 or more people.
- **Residential Property Management.** For residential property managers who have held a certificate or licence for more than two years.
- **Residential Sales.** For residential sales agents who have held a certificate or licence for more than two years.
- **Rural Marketing.** For rural sales agents.
- **Valuation.** For valuers practising in the specialist field of valuation.
- **Website – Corporate.** For the website of multi-office or corporation.
- **Website – Independent.** For the website of a single office firm.
- **Young Agents - Residential Property Management Achievement.** For residential property managers that have held a certificate or licence for less than two years.
- **Young Agents - Residential Sales Achievement.** For residential sales agents that have held a certificate or licence for less than two years.

If you have any questions about the 2010 REINSW Awards for Excellence, please contact REINSW on (02) 9264 2343 or email excellence@reinsw.com.au. If you are interested in sponsoring an Award category email sponsorship@reinsw.com.au

ALL YOUR PROPERTY MANAGEMENT ESSENTIALS

Here are some must-have items for property managers from the REINSW Store.

1. Book

Fully updated and revised, *Residential Tenancies Law and Practice* deals with residential tenancy law in NSW and the associated procedures in the Consumer, Trader and Tenancy Tribunal. Written by experienced practitioners in the area.

PUB0485 REINSW members \$112.50 / Non-members \$125.00 each

2. DVD

Mentors is a great DVD for anyone new to the industry. It provides helpful hints, advice and encouragement from getting your first management, to finding the right tenant.

PUBD600 REINSW members \$150.00 / Non-members \$135.00 each

3. Agreements

Residential Management Agency Agreement – Long Version (Pad of 25)

FM00100 REINSW members \$24.75 / Non-members \$27.50 each

Residential Management Agency Agreement – Short Version (Pad of 50)

FM00150 REINSW members \$18.45 / Non-members \$20.50 each

Exclusive Leasing Agency Agreement (Pad of 35)

FM00200 REINSW members \$18.45 / Non-members \$20.50 each

Open Leasing Agency Agreement (Pad of 35)

FM00250 REINSW members \$18.45 / Non-members \$20.50 each

Residential Tenancy Agreement Part 1 Page 1 (Pad of 50)

FM00401 REINSW members \$18.45 / Non-members \$20.50 each

Residential Tenancy Agreement Part 1 – Pages 2-9 (Sold separately)

FM00402 REINSW members \$0.86 / Non-members \$0.96 each

4. Condition reports

1-page Condition Report – Residential Tenancy Agreement Part 2 (Pad of 50)

FM00405 REINSW members \$23.40 / Non-members \$26.00 each

4-page Condition Report – Residential Tenancy Agreement Part 2 (Pad of 25)

FM00409 REINSW members \$23.40 / Non-members \$26.00 each

5. Notices

Termination Notice (Pad of 50)

FM00404 REINSW members \$18.45 / Non-members \$20.50 each

6. Applications

Application For Tenancy (Pad of 25)

FM00700 REINSW members \$28.26 / Non-members \$31.40 each

7. Miscellaneous

Scrubs Graffiti/Spray Paint Remover

AS00800 REINSW members \$36.00 / Non-members \$40.00 each

First Aid Kit – Small

FA00200 REINSW members \$31.50 / Non-members \$35.00 each

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WAUCHOPE NSW 2446

Ballard Property Pty Ltd

46 Queen Street
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Belle Property Randwick

Shop 1, 25-31 Perouse Road
RANDWICK NSW 2031

Blue Pacific Property

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FAIRLIGHT NSW 2094

Century 21 Cordeau Marshall

Shop 5 & 6, 19-27 Cross Street
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Clarks Real Estate

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WATTLE FLAT NSW 2795

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MOONEY MOONEY NSW 2083

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ARMIDALE NSW 2350

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Paul William Duggan

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BOORAL NSW 2425

Richardson & Wrench Mortdale

17 Pitt Street
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INGLESIDE NSW 2101

South Coast Holidays

Top Floor, The Town Hall,
Fern Street
GERRINGONG NSW 2534

William G Watson

HURSTVILLE NSW 2220

PRACTICE MEMBERS

Miss A Barclay
DOUBLE BAY NSW 1360

Mr M Hawkesby
WOLLONGONG NSW 2500

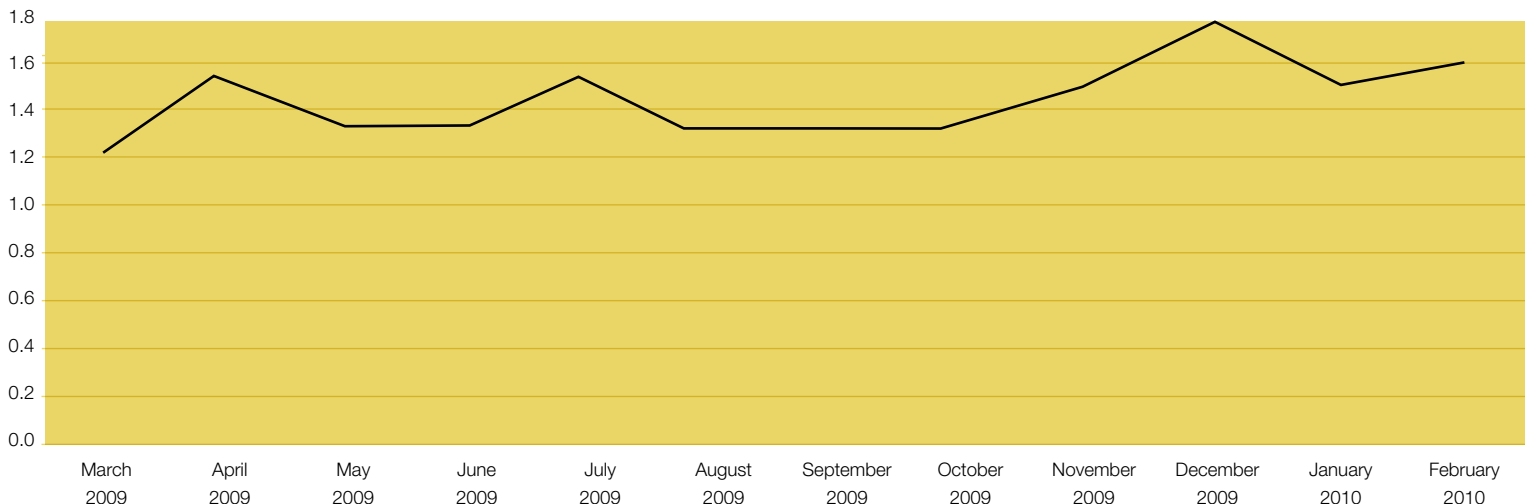
Mr C Roulis
EARLWOOD NSW 2206

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 Inshgtrix on behalf of REINSW

SYDNEY	Feb-10 (%)	Jan-10 (%)	Dec-09 (%)	Nov-09 (%)		Feb-10 (%)	Jan-10 (%)	Dec-09 (%)	Nov-09 (%)
Inner	1.1	1.7	1.3	1.5	ALBURY	1.6	1.8	2.7	2.3
Middle	1.8	1.9	1.5	2.3	CENTRAL WEST	1.9	2.5	1.9	1.5
Outer	1.3	1.4	1.2	1.1	COFFS HARBOUR	2.5	1.9	2.6	2.4
Total	1.3	1.7	1.3	1.6	FAR WEST	-	-	0.4	-
HUNTER					MID-NORTH COAST	1.9	1.1	1.3	1.2
Newcastle	1.9	3.4	1.8	1.6	MURRUMBIDGEE	2.6	3.7	3.2	3.4
Other	1.5	1.5	1.4	1.8	NEW ENGLAND	1.8	1.7	1.7	1.6
Total	1.7	2.5	1.6	1.7	NORTHERN RIVERS	1.8	2.3	1.9	1.7
ILLAWARRA					ORANA	1.5	3.0	2.3	1.2
Wollongong	1.7	2.0	2.7	2.0	RIVERINA	4.2	4.1	4.2	2.6
Other	1.5	0.8	1.1	1.1	SOUTH COAST	1.1	2.0	2.5	2.5
Total	1.6	1.5	1.8	1.5	SOUTH EASTERN	1.4	2.3	2.5	2.5
CENTRAL COAST									
	1.4	1.8	1.5	1.3					



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
4/4/10	40	95.1%	4	snr	16	68.4%	44	75.0%	175	83.2%
28/3/10	141	87.0%	68	78.9%	125	76.6%	161	78.9%	887	73.6%
21/3/10	93	80.4%	56	82.1%	111	82.0%	109	81.5%	669	77.8%
14/3/10	69	72.7%	36	76.9%	104	83.8%	118	70.5%	578	67.9%
7/3/10	86	82.4%	25	84.0%	101	80.4%	81	82.6%	552	73.3%
28/2/10	124	84.5%	45	87.2%	132	84.2%	147	78.7%	769	77.8%
21/2/10	77	88.9%	24	91.7%	84	84.9%	106	87.3%	534	77.2%
14/2/10	50	85.2%	20	71.4%	45	87.5%	28	89.3%	342	76.4%
7/2/10	19	66.7%	15	87.5%	24	92.0%	11	100.0%	195	74.1%
31/1/10	6	snr	10	90.9%	12	76.9%	6	snr	70	80.2%
24/1/10	6	snr	6	snr	9	snr	4	snr	40	85.1%
17/1/10	3	snr	5	snr	2	snr	3	snr	21	87.0%

*snr = sample not reliable

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IT



Console is the market leader in property management, sales management and trusts accounting software solutions for the real estate industry, with over 10,000 users throughout Australia and New Zealand.

Call 1300 131 311 or visit console.com.au

MEDIA



BRW is Australia's only weekly business magazine that examines Australian business. For real estate professionals, BRW offers regular news, views and trends going on in the property industry.

Call 1800 032 577 or email brwhelp@brw.fairfax.com.au www.brw.com.au

ONLINE ADVERTISING



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