

Journal

OCT 2010
VOL 61/09



the closers

**How two agents leased
a \$156m development
prior to completion**

Email warning
Are you breaching
the Spam Act?

Industrial trends
Why REITs changed
the 'sheds' sector

S94 cap hike
Government raises
developer levies

This spring, we'll help you win more vendors and buyers so your business can grow.

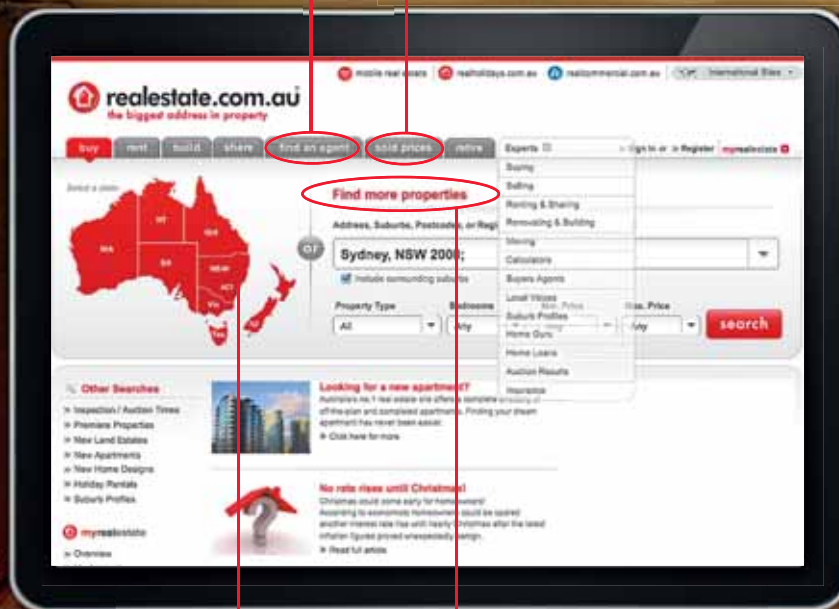
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“ Courts may now impose financial penalties [for making] false or misleading representations about goods or services, including property. ”

The *Real Estate Journal* is a member only publication from the Real Estate Institute of New South Wales. To find out more about membership, call (02) 9264 2343, email membership@reinsw.com.au or visit www.reinsw.com.au



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



CIRCULATIONS
AUDIT BOARD

Average monthly distribution 4,307 copies

Win a night out on propertyDATA.com.au

The industry-owned data website is giving away weekly prizes, including a night out worth \$500.



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propertyDATA.com.au has launched a 'Report and Win' competition for real estate professionals that will run throughout October. Each week one agency will win a night out worth \$500, and a second will receive \$250 towards a team night out.

All you have to do is report your agency's sales results. The more you report the more chances you have of winning, with each result counting as one entry in the draw. Visit propertydata.reinsw.com.au/reportandwin/ to find out more.

About propertyDATA.com.au

In June this year, propertyDATA.com.au began collecting NSW auction and private treaty sales results. There has been strong support from REINSW members, with more than 900 agencies reporting their sales

results and most of their auction data to REINSW. However, to provide members with a complete and more accurate picture of the market, we need the support of all real estate professionals in NSW. Our aim is to collect more than 90 per cent of all private treaty sales and auction results.

Industry-owned propertyDATA.com.au operates for the benefit of members and is not driven solely by profit. By delivering a cost-effective solution to the market, propertyDATA.com.au is keeping competitors honest and ensuring subscription costs to data products remain low, now and in the future.

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From strength to strength

Following a difficult period for commercial agency, which was hit hard by the global financial crisis, it is pleasing to see this sector gain momentum in recent months. I have heard many success stories, one of which is showcased in this edition of the *Real Estate Journal*. A case study on Trinita Business Campus in North Ryde reveals why the development is a commercial triumph, with best practices that real estate professionals will find useful.

Industry pioneers

In this issue, we also pay tribute to the people behind our industry's professional indemnity insurer, Realcover. It is with a deep sense of gratitude that I wish John Hill, one of the founders of Realcover, the best of luck as he hands the reins to his Deputy Chair, Tony Brasier. I would also like to congratulate Tony on the new appointment.

The Realcover story is one of courage to take on the insurance giants and give real estate professionals a competitively priced alternative. Both John and Tony have made an invaluable contribution to making Realcover a reality (page 30).

Excellence rewarded

This month, we also announced the winners of the 2010 REINSW Awards for Excellence, which were awarded at a gala dinner in Sydney. We will showcase the winners in our November edition.

In the interim I would like to congratulate REINSW members who were recognised as the best among this year's high calibre entrants. It gives me great pride to see the professionalism and initiative that members demonstrate on a daily basis, which reassures me that our industry is in good hands.

Wayne Stewart
REINSW President

AGM

NOTICE IS HEREBY GIVEN

That the Annual General Meeting of the Real Estate Institute of New South Wales Limited for the year ended 30 June 2010 will be held on Friday, 26 November 2010 at the Rydges World Square Sydney Hotel, 389 Pitt Street, Sydney commencing at 10.30am.

T. P. McKibbin
Company Secretary
Real Estate Institute of New South Wales Limited

AGENDA

- Apologies
- To receive and adopt the minutes of the Annual General Meeting of 27 November 2009 (see note)
- To receive and consider the Report of the President (see note)
- To receive and consider the financial reports including the audited balance sheet, profit and loss accounts and other reports and statements required by the *Corporations Act 2001* including the Auditor's Report for the year ended 30 June 2010 (see note)
- Appointment of Auditors
- General business

Note:

The minutes of the Annual General Meeting of 27 November 2009, Report of the President, audited balance sheet, profit and loss accounts along with other reports and statements required by the *Corporations Act 2001* (including the Auditor's Report) will be available on the member-only section of the REINSW website at www.reinsw.com.au by Friday, 29 October 2010. If you require a hard copy of these documents, please telephone Cynthia Theodore on (02) 8267 0557.

Proxies:

In accordance with the Company's Constitution, a Voting Member may nominate another Voting Member as a proxy. A person may not hold more than five (5) proxies. Proxies will only be valid if received by the Company Secretary no later than 5.00pm, Wednesday, 24 November 2010. Proxy voting forms are available from REINSW. Please telephone Cynthia Theodore on (02) 8267 0557.

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Real Agency without red tape

The real estate profession is one of the most heavily regulated by the Office of Fair Trading. There are 236 sections in the *Property, Stock and Business Agents Act 2002* (the 'Act') compared with 130 in the equivalent legislative instrument for motor vehicle dealers.

Client needs compromised

The regulatory environment created by the Act and the *Property, Stock and Business Agents Regulation 2003* is extremely prescriptive. It inhibits real estate professionals from tailoring their services

REINSW believes that professional people should operate in a regulatory environment that prescribes outcomes rather than processes.

to respond to the particular circumstances of their client. Often the client's needs are made subordinate to slavish compliance with the regulatory

environment. Put simply, ticking boxes and completing standard forms trumps the specific needs of the client.

REINSW believes that professional people should operate in a regulatory environment that prescribes outcomes rather than processes.

Lobbying platform

REINSW's recently-developed Real Agency Policy argues for a removal of the 'red tape' nature of the current regulatory environment and a move towards prescribing

outcomes reflecting consumer expectations.

The Real Agency Policy states that this will be achieved by elevating the educational prerequisites for entry into the profession, reducing the prescriptive requirements within the existing regulatory environment and mandating professional indemnity insurance to manage risk.

For more information on the REINSW Real Agency Policy, please visit www.reinsw.com.au/realagency.

Tim McKibbin
REINSW CEO



“

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”

Caddie Dabaja
Principal
Laing+Simmons Parramatta



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Serviced apartment sector heats up

A new report from CBRE Hotels suggests that the serviced apartment sector will become a dominant force in the Australian accommodation market. Of the new traveller accommodation projects planned or underway, 75 per cent will involve serviced apartments.

The sector now accounts for 25 per cent of all room nights sold in Australia annually, according to the Australian Bureau of Statistics.

The proliferation of serviced apartment operators is a sign that the industry has “matured considerably over the past 25 years,” says CBRE Hotels Regional Director Ken Smith.

The report highlights opportunities and challenges for the sector – a hybrid commercial/residential asset class that accounts for a quarter of all casual accommodation in Australia, with 957 establishments and 3118 rooms.

KEY FINDINGS

There are two distinct market segments – leisure and corporate travel. Domestic customers make up 82 per cent, with international travellers less inclined to take up the serviced apartment option.

Upswing in industrial property



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Industrial property is offering excellent buying opportunities for investors, says Charter Hall Direct Property CEO Richard Stacker.

There is strong demand for new assets from experienced operators, particularly in growth areas with quality tenants on long-term leases.

But Richard points out that “many would-be buyers are finding it hard to access capital, creating excellent buying opportunities for capital-ready investors who are

benefiting from reduced buyer competition”.

While attractive investment opportunities exist, smart advisers must move quickly to capture the best returns as yield trends indicate the market has bottomed.

In the year to June 2010, for example, 24 industrial properties sold on an average yield of 8.7 per cent, while yields between January and June dropped to 8.3 per cent as property values began to climb.

IN THE YEAR TO
JUNE 2010

24

INDUSTRIAL PROPERTIES
SOLD ON AN AVERAGE
YIELD OF

8.7%

WHILE YIELDS BETWEEN
JANUARY AND JUNE
DROPPED TO

8.3%

Illawarra residents pay highest rates in NSW

A report released in August by Minister for Local Government, Barbara Perry, found that the Illawarra region’s three councils ranked among the 25 most expensive in the state for 2008-09.

The priciest place to own property outside of Sydney is Kiama,

where average residential rates of \$1040 put it fifth highest in NSW, below Hunters Hill, North Sydney, Ku-ring-gai and Mosman.

The low number of commercial and industrial properties in the area, and high coastal land values, were to blame for the

elevated residential rates, says a Wollongong City Council spokesperson.

Rates for residents in Wollongong and Shellharbour are also high at \$944 and \$864 respectively, compared to the NSW average of \$760.

Point Piper property sells for record \$52m

Villa Veneto, a six-bedroom, nine-bathroom harbourside property in Sydney's Point Piper, has been sold by LJ Hooker Double Bay for \$52m. That's \$7m above the previous record of \$45m paid for a beachfront home in Vaucluse.

The new owner is David Penn, a dentist and medical innovator.

He and his wife Linda sold their Bellevue Hill home for \$23.5m a week before purchasing Villa Veneto from recruitment tycoon, Andrew Banks and his wife Andrea.

Villa Veneto is located in Wolseley Road, Australia's most expensive street.

Villa Veneto
located in Sydney's exclusive
Point Piper
has sold for
\$52m

Villa Veneto is located on Wolseley Road alongside other multimillion dollar properties.



First homebuyers enthusiastic

Mortgage sales increased by almost 11 per cent in August, according to figures from the latest AFG Mortgage Index.

Sales to first homebuyers also rose from 9.5 per cent to 11.7 per cent for the second consecutive month, indicating that homebuyers are coming back to the market, says Kevin Matthews, Executive Director for mortgage broker AFG.

The AFG report noted that more competition between lenders and rising loan-to-value ratios, where homebuyers provide a higher deposit, are "supporting both entry-level homebuyers as well as property investors".

"With property prices in many areas having stabilised, and some lenders prepared to lend up to 95 per cent of the

property's value, property is becoming more accessible to first homebuyers and more attractive to investors," says Kevin.

Investor activity remains highest in NSW, which is the preferred market for first homebuyers, accounting for 15.5 per cent of all new mortgages, up from 11.7 per cent in June.

Gillard invests in regional Australia

Infrastructure and economic development are a core part of the Gillard government's promise to inject up to a further \$10 billion into regional Australia. In addition to broadband services, regional centres will benefit from the opening of a new round of the government's Health and Hospitals Fund and up to \$500 million from the Education Investment Fund.

The Gillard government says it will also invest \$800 million in a new Priority Regional Infrastructure program.

Election promises

The latest commitments to regional Australia follow these promises made by the Gillard government during the 2010 election campaign:

- a \$200 million Building Better Regional Cities Fund to help build affordable homes in regional centres over three years
- a \$6 billion Regional Infrastructure Fund for investments in economic infrastructure.

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Commercial sale at online auction

In a first for Australia, a commercial property was sold in September via live online bidding.

The industrial facility in Newcastle was sold for \$1.52 million to an expat living in Singapore who placed 15 online bids against two local investors

in the room and another phone bidder.

The commercial property was sold as part of Colliers International NSW Spring Auction Portfolio, which also sold a mixed-use Dural development for \$6.2 million.

The online buyer had earlier attempted to purchase commercial property via online sales but had been discouraged by the requirement to obtain Power of Attorney or have a representative bid on his behalf, says Matthew Meynell, Director of Investment Sales for Colliers.

Spam warning issued to real estate agency

The Australian Communications and Media Authority (ACMA) issued a formal warning to a Wollongong real estate agency in January.

The warning followed an investigation by ACMA that found the agency breached the *Spam Act 2003* by sending commercial electronic messages without an unsubscribe facility.

Last year, ACMA contacted more than 40 head offices of real estate franchisors and companies across the country to explain their 'key obligations' and the 'consequences of non-compliance' with anti-spam laws.

Acting chairman of the ACMA, Chris Cheah, says the formal warning was "the first

enforcement measure taken against a real estate agent" since ACMA launched its campaign about unsolicited communications targeted at the real estate sector.

Repeat offenders of the *Spam Act 2003* may face penalties of up to \$1.1m per day imposed by the Federal Court, according to ACMA (see page 28).

Leasing activities set for shake up

The International Accounting Standards Board (IASB) has released a Leasing Exposure Draft that will affect nearly every organisation in Australia.

Every entity with significant operating leases in mining, construction, transport, and commercial and retail premises will be affected, says KPMG's Accounting Standards Partner, Kris Peach.

The proposal responds to criticisms that lease accounting is dominated by arbitrary rules and is too permissive of off-balance sheet accounting (when an asset, debt or financing activity is not on the company's balance sheet).

Kris says the proposal will have particular relevance to tenants restructuring or renegotiating covenants. Retailers, for example, would be required to estimate

present value rents (based on turnover or inflation) over the life of a 10- to 20-year retail lease for each store, and then revisit estimates each time they report.

For some, the changes are a step forward for tenant accounting, providing a clearer picture of organisational assets and payment obligations. Others worry they'll add complexity and diminish the usefulness of financial reporting.

REINSW IN THE MEDIA

Following the announcement that Julia Gillard would continue on as Prime Minister, REINSW urged both State and Federal Governments to remain diligent in their efforts to address the housing crisis.

Print

- In the *Australian*, REINSW President Wayne Stewart rebukes claims the rental crisis is over.
- REINSW CEO Tim McKibbin tells *The Sydney Morning Herald* that California-style bungalows have a following in Sydney.
- The REINSW Central Coast Division Novice Auctioneers Competition makes the *Central Coast Express*.

Radio

- On ABC (Newcastle), Wayne Stewart comments on property investor GPT withdrawing its \$600 million proposal to redevelop Newcastle's city centre.
- In a segment on 2UE (Sydney), Wayne Stewart urges the NSW Government to give property investors tax incentives.
- On ABC (Riverina), REINSW continues to inform people about the upkeep of smoke alarms.

AUGUST MEDIA ROUND-UP

REINSW appeared in:

- 45 radio spots
- 46 print articles
- 20 website stories

The total audience reached in Australia was 4.09 million people. View all of REINSW's recent media coverage at www.reinsw.com.au



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Changes to developer levy caps will affect homebuyers

Lobby groups are worried that a decision by the NSW Government to lift a cap on developer levies for greenfields sites will leave homebuyers worse off.

Councils welcomed the August announcement from Planning Minister Tony Kelly that the developer levy cap would be raised to \$30,000 for greenfields sites, and kept at \$20,000 for all other projects. But the Property Council of Australia and the Urban Taskforce say homebuyers will foot the bill.

NSW Property Council Executive Director Glenn Byres accused the government of walking away from landmark reforms with the potential to deliver substantial savings on the cost of new housing.

"The package is less than two months old and the government has caved in to threats from councils refusing to issue development approvals," he says.

Urban Taskforce chief Aaron Gadiel says fewer new homes will be built as a result of the

"The government has caved in to threats from councils refusing to issue development approvals."

decision, and "those that are built will be more expensive".

The \$20,000 per lot cap on levies was introduced as part of the June state budget to spark housing construction by containing spiralling development costs. Councils that had been charging up to \$50,000 per lot in Sydney said the cap would drive up rates and those in Liverpool and Blacktown refused to approve new housing applications in protest.

Mr Kelly sought to placate councils by announcing that the

cap changes, and a two-year \$50 million priority infrastructure fund, will help pay for services on greenfields sites. He says the vast majority of councils will not need money from the infrastructure fund.

"There will be some pressure though, particularly (for) those greenfields councils who still need a figure above the \$30,000, who will now be able to use that \$50 million to reduce their costs."

Mr Kelly says the announcement will unlock 19,000 blocks over coming months.

Councils want more Genia McCaffery, President of the Local Government Association of NSW, remarked that Mr Kelly had "acted on most of our concerns," but she added that some councils will still be short of funds.

In a statement issued in response to the proposal, she says that all councils are in a better position than they were under the initial proposal.

"But the reality is there will still be a significant shortfall in funds for several councils, particularly in fast-growing areas," says Genia.

"The NSW Government needs to continue to work with councils on solutions for funding basic community infrastructure now and in the future, and we'll continue to put pressure on them to ensure they do so."

Brad Hazzard, the Opposition spokesperson for planning, called the changes a "failure" for councils. "Today, it's a two-sizes-fit-all approach with a small additional fund of \$25 million per year which will go nowhere near providing for the shortfall in infrastructure," says Brad. ♦

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- June 2004:** the first to offer an automatic property data link to leading property portals.
- Feb 2005:** the first to offer localised weather information.
- Aug 2007:** the first to offer animated maps.
- Nov 2009:** iWall, the first to offer the ability to combine, at will, monitors to show a bigger picture.
- May 2010:** iVisual Touch. The first to create an active and interactive display in a single unit.



FEATURE

closing the dream deal

BY HELEN SCHULLER

Find out how two Sydney real estate professionals took lead roles in a commercial success story.





Triniti Business Campus in North Ryde, Sydney, is a striking oasis of recycled steel and concrete materials. The 28,000sqm A-grade office development integrates three buildings into a communal environment with landscaped common areas, an on-site cafe, childcare centre and parking for almost 1000 cars.

Strategically located within Riverside Corporate Park, the complex is close to the new North Ryde railway station and the on/off ramp for the M2 motorway. It also boasts elevated CBD and district views.

Industry recognition

Earlier this year Triniti Business Campus was named Australia's best business park at the fourth annual Property Council of Australia (PCA) Rider Levett Bucknall Innovation and Excellence Awards.

PCA Executive Director NSW Glenn Byres says the complex has been an enormous success on all fronts.

"The development achieved 100 per cent pre-commitment by blue chip tenants [Baulderstone, Goodman Fielder, CSR and Downer EDI Engineering] prior to completion, at a time when vacancy rates in the Macquarie Park corridor were at around 14 per cent," he says. ►

The closers: (l-r) Jason Wright, GJS Property Director, and Denys Bizinger, Director in Charge of Jones Lang LaSalle, were joint leasing agents for Triniti Business Campus.

“

Trinity Business Campus has set a new benchmark for well-designed office space in Macquarie Park.

”

Glenn attributes this strong market response to the development's design excellence.

“Trinity Business Campus has set a new benchmark for well-designed office space in Macquarie Park. It has created a vibrant business community, offering an environment that promotes social interaction,” he says.

He adds that the development also offers flexibility to tenants. “The floor plates were designed to accommodate expansion or contraction through flexible subdivision options, from half floors of 700sqm to whole buildings of 11,300sqm.”

The project

Trinity Business Campus was developed by property developer Stockland, with Buildings 1 and 2 completed in 2008 and Building 3 in 2009, smack bang in the middle of the global financial crisis.

GJS Property and Jones Lang LaSalle were appointed as joint exclusive leasing agents. Together with Stockland, they undertook a strategic marketing campaign that started upon the commencement of construction and finished when the final space was leased, around three months prior to completion of Building 3.

The marketing strategy

Marketing for Trinity Business Campus involved a high-spec brochure and information memorandum. The agents also had an online marketing suite which allowed them to demonstrate the features of the property to prospective tenants.

According to GJS Property Director Jason Wright, Stockland built a product that the market was looking for – premium A-grade office space, with high-quality finishes and environmental credentials.

Three separate buildings of 7734sqm, 8854sqm and

11,364sqm (total 28,000sqm) allow tenants to be part of a large-scale development while maintaining their own identity thanks to multiple signage opportunities, says Jason.

He adds: “Trinity has a very open look about it, with natural light on all three sides ... people saw it as an open, uncluttered environment with access from multiple locations, making the experience of getting there a positive one.”

The environmental credentials

Originally designed to a 4 Star Green Star standard, Trinity Business Campus exceeded

REGIONAL CASE STUDY

Taste of success

A commercial property in regional NSW helped carve out a town's culinary identity.

Located between Orange and Bathurst in NSW, Millthorpe has beautifully maintained historic buildings and streets, with the entire village classified by the National Trust.

But recently, Millthorpe's reputation as a foodie hotspot is overshadowing its goldmining history. Modern Australian restaurant, Tonic, which operates out of a 1890s building in the heart of Millthorpe, was awarded a chef's hat by the Australian Good Food Guide in 2003 (and has kept it for seven

consecutive years). Since then, other commercial properties with a culinary twist have cropped up in the town.

These include the gallery-bookshop-espresso bar, La Boucherie, serving single-origin coffee; and Urban Graze Cooking School, which runs truffle events.

According to REINSW Commercial Chapter Chair Kymbal Dunne, Millthorpe has successfully established itself as a food-centric precinct.



“There are retail traders offering complementary products that, together, round out the culinary offering of the town,” he says.

Kymbal believes there are a number of factors working in Millthorpe's favour which

have helped retail food outlets succeed. “The town is a manageable size and so businesses can work together to carve out a culinary identity; and the refurbishment of the town is consistent with its rich history,” he says. ♦

expectations. The Green Building Council of Australia awarded Buildings 1 and 2 a 5 Star Green Star Office As Built rating.

“When we started marketing the project, corporate responsibility in environmental issues was just starting to come to the forefront of tenant objectives for new office premises,” says Jason. “The ratings and environmental features of the building’s design were a significant part of the leasing process.”

Denys Bizinger, Director In Charge of Jones Lang LaSalle North Sydney, believes that blue chip companies “recognised an

“The ratings and environmental features of the building’s design were a significant part of the leasing process.”

opportunity to relocate to a new sustainable building”.

The tenants

According to Denys, Baulderstone and Downer EDI Engineering pre-committed during construction of Building 1. Stockland then made the

decision to speculatively construct Building 2. “We began negotiations with Goodman Fielder shortly thereafter. Then CSR came to the market,” he says.

Denys says the relocation of Goodman Fielder, Downer EDI Engineering and CSR to Triniti Business Campus was influenced by the following factors: “The opening of a new railway station, on-site amenity, building design and sustainability, excellent parking allocation, Stockland’s management expertise and competitive commercial terms all played a role.” ♦

DESIGN FEATURES

- Internal workspace to external glass face does not exceed 12.5m to allow maximum natural light to all office spaces.
- Typical floor to ceiling heights are 2.7m.
- Easily identifiable foyers have direct access to landscaped public spaces.
- All lifts are glazed on the courtyard side of the buildings to allow occupants to identify with their surrounding environment as they travel through the buildings.

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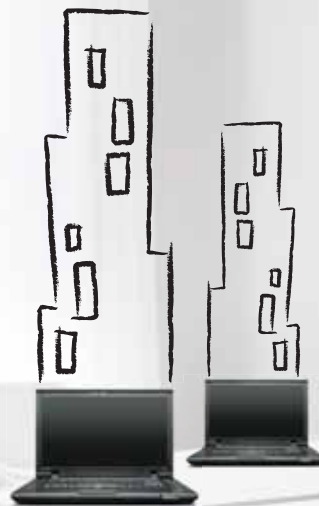
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REINSW celebrates 100 years

Raising education standards and reinstating tax incentives for negative gearing were key priorities for REINSW in the 1980s.

Spotlight on education

Financial difficulties in the late 1970s forced REINSW to temporarily discontinue education courses since so few students were interested in enrolling and overhead costs were enormous.

When economic conditions improved in the early 1980s, REINSW reassessed its role in real estate education. Negotiations with Hawkesbury College of Advanced Education to establish a Bachelor of Business in Land Economy course were initiated. Planning progressed and the course commenced in 1982 as Bachelor of Business (Land Studies).

“The courses will see a new generation of agents emerging into the industry and giving it the professionalism which had long been lacking.”

By 1985, a degree of Bachelor of Land Economy had been established at both the NSW Institute of Technology and Hawkesbury College of Advanced Education. Both courses were recognised as suitable prerequisites for registration as either Real Estate Agent or Valuer, but work experience remained a requirement of registration.

Chris Scott, REINSW President at the time, said: “[The courses] will see a new generation of agents emerging into the industry and giving it the professionalism which had long been lacking in terms of educational standards.”

A new approach to professional development

REINSW sought a new approach to continuing professional development in the early 1980s. The aim was to inform real estate professionals of important issues in the property industry, and help them hone their professional skills.

Doug Malouf, Chairman of the REINSW Education Panel, announced REINSW's new education policy in 1982. He said courses conducted by REINSW would be practical and would consist of one- or two-hour seminars, a concession to the time constraints suffered by busy real estate professionals.

The Professional Development Program (PDP) was the means finally selected to put this policy into effect. The practical relevance of PDP produced an enthusiastic response from REINSW members.

100 years

The eighth decade 1980 to 1989

1980

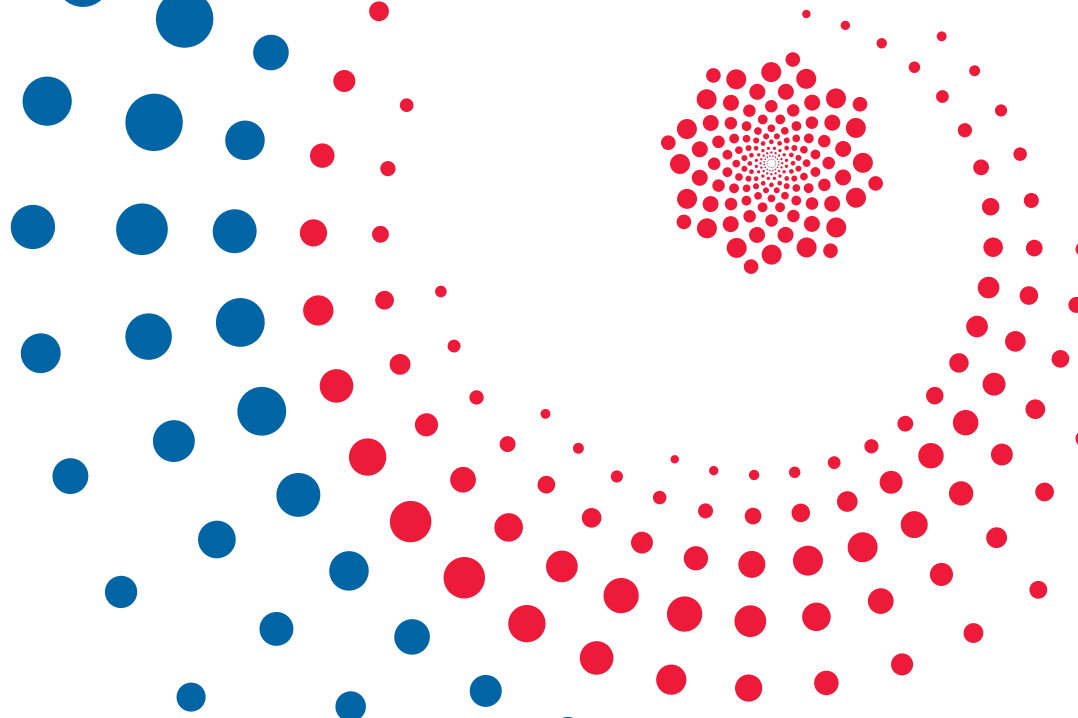
- Changes to the *Auctioneers and Agents Act* empower the State Government to set agency fees.
- The median house price in Sydney is \$50,000.

1981

- The State Government establishes compulsory licensing for those who serve as managing agents for State Title Bodies Corporate.

1982

- Bachelor of Business (Land Studies) course commences at Hawkesbury College of Advanced Education.
- REINSW introduces a three-year licensing course.



Technology drives private sales

The introduction of a new computerised buyer-seller matching service in the early 1980s was severely criticised by the real estate profession.

Launched by Private Property Listings of Australia (PPL), the program compared the details of properties for sale with buyer requirements. As it found a match, printouts were sent to prospective purchasers. "We can offer a low-cost alternative to agents' fees," said PPL co-founder Simon Rigby.

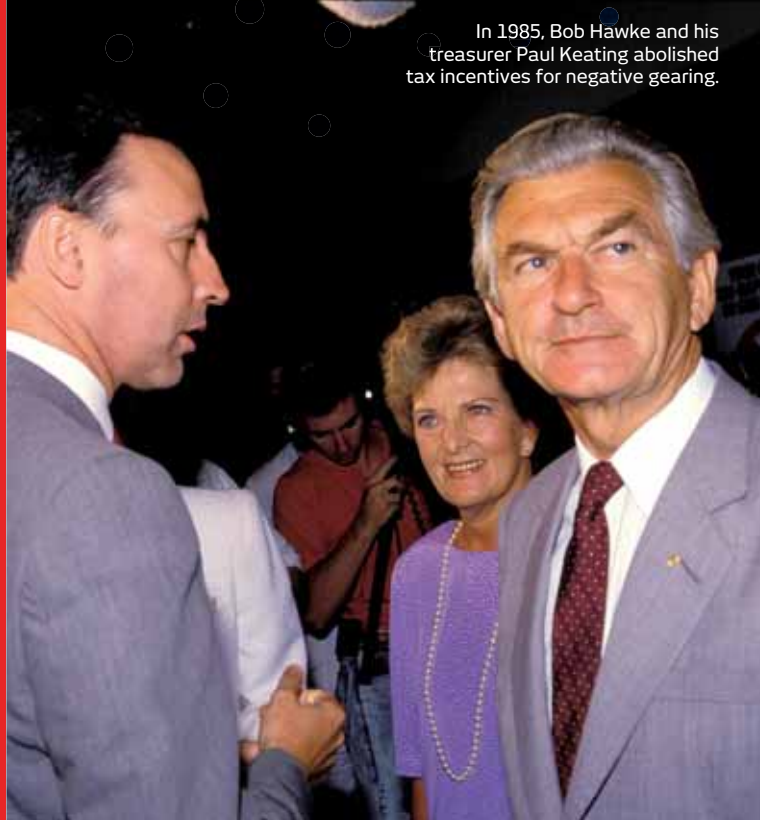
REINSW argued that PPL could not offer the level of service required for a successful sales transaction (e.g. personal introductions and advice on selling price and advertising).

Indecision on negative gearing

In the mid-1980s, the Hawke government abolished tax deductibility for interest on negatively geared property transactions.

The legislation covered transactions entered into after 17 July 1985. All interest in excess of the net rent (gross rent less expenses) was quarantined.

Investors left the property market in droves. The resulting rental accommodation shortage, coupled with vigorous lobbying by REINSW, forced the government to repeal the legislation in 1987. Investors quickly reentered the market, pushing up housing prices.



In 1985, Bob Hawke and his treasurer Paul Keating abolished tax incentives for negative gearing.

Getty Images

1983

- REINSW membership falls to 3092. Between 1982 and 1985, over 500 agents and nearly 1000 salespeople leave the real estate profession.

1986

- The Residential Tenancies Tribunal is established.
- REINSW purchases an office building in Wentworth Avenue, Sydney – its current headquarters.

1987

- Legislation abolishing tax deductibility for interest on negatively geared property transactions is repealed.

1989

- Interest rates on home loans peak at 17 per cent.

Presidents

TF Wolthers
1980-1981

TW Scott
1982-1983

JCE Scott
1984-1986

RA Bevan OAM
1987-1989

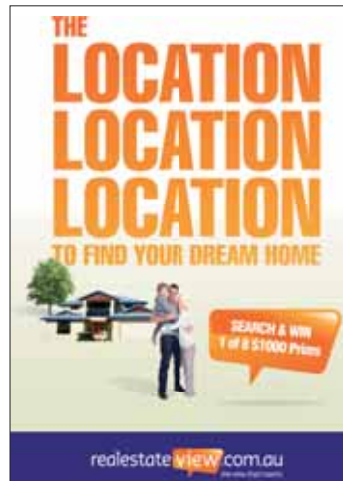
Industry portal launches to consumers

On 17 September 2010, realestateVIEW.com.au officially launched to NSW consumers via an integrated online and offline marketing campaign.

This spring is set to be a bumper selling season – and not just for real estate professionals. realestateVIEW.com.au has officially launched to consumers in NSW which means the industry-owned portal is also anticipating spring success.

Traffic to realestateVIEW.com.au has risen by 58 per cent since the June launch to agents in NSW. It is anticipated to increase by a further 60 per cent following the consumer launch.

The eight-week consumer campaign combined brand advertising with a Search & Win



promotion, giving consumers the chance to win one of eight Bunnings vouchers worth \$1000.

The campaign has been promoted via the following channels:

- **Outdoor advertising** is featured in 190 locations in and around Sydney
- **Street teams** have targeted popular shopping strips, parks and Open for Inspections
- **Radio advertising** has featured on Triple M commercial radio station
- **Online advertising** includes display banner advertising across the Sensis, Yahoo!7 and Ninemsn advertising networks, as well as other high traffic websites
- **Email marketing** has reached more than 300,000 people in NSW who were notified about the Search & Win promotion
- **Property magazines** have featured realestateVIEW.com.au
- **Paid search** means visibility on Google has tripled during the campaign
- **Flyers and posters** were distributed to the agent subscriber network that, in turn, circulated the material to consumers during the promotional period.

To find out more about realestateVIEW.com.au please contact the account management team on 1300 695 645. ♦

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keep learning



Residential tenancies reform in practice

How will residential tenancies reform affect you? Find out at REINSW training sessions in your area.

The *Residential Tenancies Act 2010* includes some of the most sweeping changes to residential tenancies in decades. The changes will affect the control and management of each and every rented residential property in NSW and will have a profound impact on property managers, landlords and tenants.

As a real estate professional, it is critical that you fully understand what has changed and how to correctly implement the changes.

At this REINSW session, you'll receive an overview of the changes. The following topics will also be covered:

- formation of new tenancies
- management of existing tenancies
- termination of tenancies
- new prescribed Residential Tenancy Agreement and Condition Report
- new material fact regime applying to residential tenancies
- new compulsory water efficient measures.

Session details

Time 9.00am to 1.00pm

Cost \$199 REINSW members
\$245 for non-members
(prices GST inclusive)

CPD 12 points
(Learning Category 3)

For more information or to register, visit www.reinsw.com.au and follow the links to 'Residential tenancies reform in context'.

SAVE THE DATE

Rose Bay 20 October
Wollongong 21 October
Gymer 25 October
Dee Why 26 October
Hornsby 28 October
Newcastle 29 October
Tweed Heads 1 November
Tamworth 2 November
Armidale 3 November
Wagga Wagga 8 November
Albury 9 November
Coffs Harbour 10 November
Dubbo 17 November
Gosford 18 November



What changes to the *Residential Tenancies Act* should you be informing new tenants about?

REINSW Training Calendar

NOVEMBER/DECEMBER 2010

NOVEMBER

MON	TUE	WED	THU	FRI	SAT	SUN
1	2	3	4	5	6	7
SYDNEY Real Estate Licensing Course (full time) – Week 6 (optional – additional cost) Auctioneers Accreditation – 3 days						
TWEED HEADS CPD Residential tenancies reform in context (9.00am-1.00pm)	SYDNEY CPD The Commercial Toolbox (9.30am-1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues				
	TAMWORTH CPD Residential tenancies reform in context (9.00am-1.00pm)	BATEMANS BAY CPD An agent's guide to tax & property investment (9.00am-1.00pm)				
		ARMIDALE CPD Residential tenancies reform in context (9.00am-1.00pm)				
8	9	10	11	12	13	14
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)						
WAGGA WAGGA CPD Residential tenancies reform in context (9.00am-1.00pm)	SYDNEY CPD An agent's guide to tax & property investment (9.30am-1.30pm)	COFFS HARBOUR CPD Residential tenancies reform in context (9.00am-1.00pm)	MUSWELLBROOK CPD The ABC of Compliance (9.00am-1.00pm)			
	GOSFORD CPD The ABC of Compliance (9.00am-1.00pm)	SYDNEY Real Estate Licensing Course (part time) commences				
	ALBURY CPD Residential tenancies reform in context (9.00am-1.00pm)	NEWCASTLE CPD The ABC of Compliance (9.00am-1.00pm)				
15	16	17	18	19	20	21
	SYDNEY CPD Prepare for selling like never before (9.30am-1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues	GOSFORD CPD Residential tenancies reform in context (9.00am-1.00pm)			
	COFFS HARBOUR CPD Setting up your agency (9.00am-1.00pm)	DUBBO CPD Residential tenancies reform in context (9.00am-1.00pm)	PORT MACQUARIE CPD An agent's guide to tax & property investment (9.00am-1.00pm)			
	SYDNEY Buyers Agents Forum (3.00pm-5.00pm)					
22	23	24	25	26	27	28
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)				SYDNEY REINSW State Conference		
	SYDNEY CPD Setting up your agency (9.30am-1.30pm)	SYDNEY Forums @ 4 (4.00pm-6.00pm)				
		SYDNEY Real Estate Licensing Course (part time) continues				
29	30	<p>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.</p>				

DECEMBER

MON	TUE	WED	THU	FRI	SAT	SUN
		1	2	3	4	5
		SYDNEY Real Estate Licensing Course (part time) continues	ORANGE CPD Creating impact and influence (9.00am-1.00pm)			
						
6	DUBBO Property Management Forum (3.00pm-5.00pm)	7	8	9	10	11
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)						
CANBERRA Course in Property Practice (full time) – 5 days (9.00am-5.00pm)						
	SYDNEY CPD An agent's guide to tax & property investment (9.30am-1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues	MOREE CPD The ABC of Compliance (9.00am-1.00pm)			
	TAMWORTH CPD The ABC of Compliance (9.00am-1.00pm)	ARMIDALE CPD The ABC of Compliance (9.00am-1.00pm)				
13	14	15	16	17	24	19
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)						
	SYDNEY CPD Steps to listing success for property managers (9.30am-1.30pm)	SYDNEY Real Estate Licensing Course (part time) continues	TWEED HEADS CPD An agent's guide to tax & property investment (9.00am-1.00pm)			
20	21	22	23	24	25	26
	SYDNEY CPD Creating impact and influence (9.30am-1.30pm)				CHRISTMAS DAY	
27	28	29	30	31		
<ul style="list-style-type: none"> CPD workshops – go to www.reinsw.com.au for course descriptions and prices Course in Property Practice (full and part time as indicated). Price includes REINSW Student Membership Licensing Course (full and part time as indicated) Forums and Divisional meetings Novice Auctioneers Competition 						

THE ABC OF COMPLIANCE

12 CPD points

Would your agency pass a compliance audit by NSW Fair Trading? This course offers comprehensive and practical guidelines for agency success. Learn how to set up and conduct a compliant agency, ensuring your commission and reputation are protected.

Gosford 9 November 2010

Newcastle 10 November 2010

Muswellbrook 11 November 2010

Tamworth 7 December 2010

Armidale 8 December 2010

Moree 9 December 2010

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

AN AGENT'S GUIDE TO TAX AND PROPERTY INVESTMENT

12 CPD points

Add greater value to your client relationships by being able to explain the tax implications of investing in property and the relevant tax laws associated with appraising and listing property for sale or rental.

Batemans Bay 3 November 2010

Sydney 9 November 2010

Port Macquarie 18 November 2010

Orange 2 December 2010

Sydney 7 December 2010

Tweed Heads 16 December 2010

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

THE COMMERCIAL TOOLBOX

12 CPD points

Designed for top performers who want to outdo their competition and take dominant market share. This highly interactive program puts you in the driver's seat, allowing you to draw on a 'toolbox' of skills that will ensure your success in today's commercial market.

Sydney 2 November 2010

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

STEPS TO LISTING SUCCESS FOR PROPERTY MANAGERS

12 CPD points

This session will guide you through the steps to successfully secure new business and provide you with an understanding of the personal and business skills that will make you a listing professional.

Sydney 14 December 2010

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

CREATING IMPACT AND INFLUENCE

12 CPD points

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.

Orange 2 December 2010

Sydney 21 December 2010

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

SETTING UP YOUR AGENCY

12 CPD points

Have you recently set up an office or contemplating taking this big step? Learn how to set up and conduct your agency to ensure maximum protection of your commission and reputation.

Coffs Harbour 16 November 2010

Sydney 23 November 2010

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

PREPARE FOR SELLING LIKE NEVER BEFORE

12 CPD points

The successful conversion of a sale is largely dependent upon whether a potential buyer's experience with both the agent and the property is positive. Learn valuable skills to ensure that you present a professional, seamless and enjoyable service encounter.

Sydney 16 November 2010

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

COURSE IN PROPERTY PRACTICE

(FULL TIME)

This comprehensive Course in Property Practice will give you all the skills you need to achieve the best results in this dynamic and challenging profession.

Sydney 8-11 November 2010

Sydney 22-25 November 2010

Sydney 6-9 December 2010

Canberra 6-10 December 2010

Sydney 13-16 December 2010

Cost \$590 (includes free REINSW Student Membership)

UPCOMING EVENTS

Novice Auctioneers State Final

See the best up-and-coming auctioneers from across NSW at the 2010 Novice Auctioneers Competition State Final.

Venue: Rydges World Square
389 Pitt Street, Sydney NSW

Date: 26 November 2010

Time:

- 5.30pm for finalists to arrive for event and judges' briefing
- 6.00pm for pre-dinner drinks
- 6.30pm for dinner

Young Agents Conference

Learn how some of the industry's key identities made the mark and be inspired to take your real estate career to the next level.

REINSW Young Agents is a network of real estate professionals under 35 years of age or with less than three years' industry experience.

Venue: Rydges World Square
389 Pitt Street, Sydney NSW

Date: 1 December 2010

Time: 9.00am to 4.00pm
(followed by networking drinks)

CPD: 12 points

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Realcover now offers Landlord Insurance Policy

The industry insurance provider, Realcover, is offering a competitive Landlord Insurance Policy to protect residential property investors.

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Majority-owned by the real estate industry and endorsed by REINSW, Realcover is offering a competitively priced Landlord Insurance product that also gives the real estate profession a say in the future of Landlord insurance cover.

Insurance partners

Realcover's endorsed Landlord Insurance Policy has been underwritten by Allianz Australia Insurance Limited. Gallagher Broking Services acts as the agent of Allianz Australia Insurance Limited in respect of the Landlord Insurance Policy.

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Why buy landlord insurance?

You deserve proper protection for your investment property and the belongings that you provide for your tenants. Realcover's Landlord Insurance policy (underwritten by Allianz) offers reliable, comprehensive landlord insurance ensuring your property is in safe hands.

You have worked hard to establish your investment property and the regular income that it provides. Realcover's Landlord Insurance gives you confidence your investment property is covered should something go wrong*.

Who are we?

Realcover is majority owned by the Real Estate Institute of New South Wales (REINSW) and provides tailor made insurance products for the Real Estate Industry.

Realcover's primary objective has been to contribute to a more stable insurance market and provide clients with certainty around their insurance coverage.




Gallagher Broking Services is the appointed agent for Realcover. Gallagher works closely with Realcover to share information and developments within the industry to ensure the clients have the most comprehensive cover available.

Allianz is a member of the Allianz Group which gives more than 75 million people in 70 countries around the world the confidence they need in life's most important moments. And in Australia, more than 2 million policy holders rely on Allianz for their insurance.

Why choose our product?

Our Landlord Insurance is a tailor made solution for the real estate industry that provides cover for property investments.

Features and Benefits

-  \$30,000 contents cover
-  Covers your contents for 13 insured events including:
 - Accidental damage, and
 - Malicious acts by tenants
-  \$20,000,000 legal liability
-  Automatic fusion cover
-  Replacement of locks and keys \$500
-  Theft by tenant – to sum insured (\$30,000)

Rent Default

-  Default of payment – up to 15 weeks
-  Departure of tenant without notice – up to 15 weeks
-  Death of a sole tenant – up to 6 weeks
-  Tenant hardship – up to 6 weeks

Your feedback

BY PETER GRIFFIN, REINSW GENERAL MANAGER

Discover what real estate professionals value about REINSW membership as we reveal the results of this year's member survey.

REINSW recently completed its fourth annual member survey. This exercise helps us understand how satisfied members are with the services we provide. It also identifies areas for improvement.

This year's survey (for the period July 2009 to June 2010) asked members a range of questions about REINSW products and services. The answers typically fell under the categories of Excellent, Good, Average, Below Average and Poor.

The results

Member responses were generally encouraging. Every single REINSW product and service received a higher satisfaction rating compared to the previous year. However, we will continue to strive to provide an even better offering to our membership.

The most telling feedback arose from the following question: How do you rate your overall experience with REINSW? 92 per cent of respondents answered

Excellent or Good, compared to 84 per cent last year.

Key themes

The data compiled from the survey reveals the following:

1 REINSW's level of service has improved across all 22 products and services that were surveyed.

2 The *Real Estate Journal*, REINSW's monthly member magazine, continues to score the highest satisfaction rating of all our products and services.

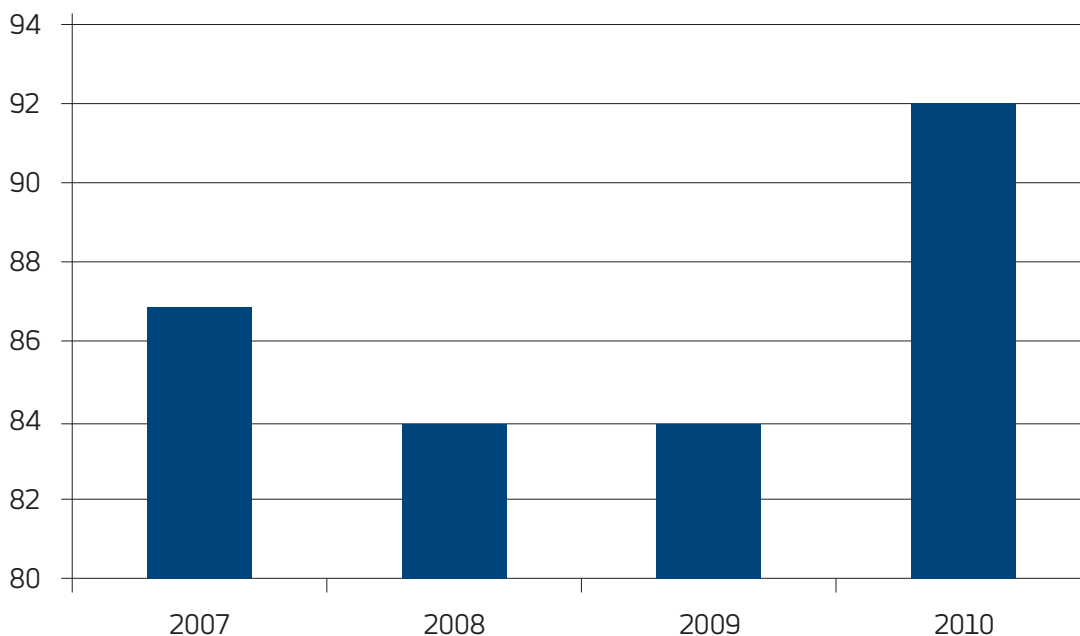
92%
OF MEMBERS SAID
THEIR OVERALL
EXPERIENCE
WITH REINSW
WAS GOOD OR
EXCELLENT

3 The free Member Helpline is now the second most valued service. REINSW members are increasingly using this service, with the number of calls per month up to 837 (a 47 per cent increase on last year).

4 REINSW forms and agreements are still considered the most trusted legal documents for real estate professionals. REINSW Forms Live, the online agreements and forms product, was introduced in March 2010 and has been well received by members – its satisfaction rating improving from 73 per cent to 82 per cent.

5 All types of REINSW training, including continuing professional development (CPD), registration and licensing, are

REINSW members' overall experience with REINSW 2007 - 2010



“

The Real Estate Journal, REINSW's monthly member magazine, continues to score the highest satisfaction rating of all our products and services.

”

highly valued. Over the past four years there has been an upward trend in satisfaction levels.

Room for improvement

Perhaps the most useful aspect of the member survey is the fact that it highlights areas that require attention or improvement. This year's member survey has prompted REINSW to:

- focus more time and effort on supporting rural members
- devote greater effort to

producing and publishing research data

- increase REINSW's level of media coverage
- expand the range of commercial benefits and discounts
- explain to consumers why they should deal with an REINSW member agent.

We will devote our efforts to improving our performance in these areas over the coming months and will keep you updated on our progress. ♦

COMPETITION WINNER

REINSW members who completed the 2009-2010 member survey went in the draw to win an Apple iPad.

The winner of our member survey competition is Angela Motum, Property Manager with Robinson Property in Nelson Bay. Congratulations Angela!



PRODUCT/SERVICE RATING	2009	2010
Real Estate Journal	91%	94%
Free Member Helpline	84%	89%
Paper forms and agreements	85%	88%
Email communications	85%	88%
Legislation updates	83%	86%
Entry-level training	78%	86%
On-site compliance review	82%	85%
Licensing training	81%	85%
Legal support	81%	84%
Industry events and forums	76%	84%
REINSW website	78%	82%
Online forms and agreements	73%	82%
CPD and skills training	77%	81%
Online compliance guide	77%	81%
Political lobbying	76%	81%
Awards for Excellence	73%	81%
Books and other publications	73%	79%
eLearning	70%	76%
Real estate products	67%	74%
Publication of research	67%	69%
Media coverage	61%	63%
Commercial benefits	55%	62%



Are you sending out spam?

Electronic messaging is a fast way to communicate with customers, just make sure you have their consent before you hit 'send'.

Ninety per cent of email is classified as spam, and it's not only confined to the pleas for cash from far-flung strangers, the marketing of dodgy pharmaceuticals or malware and spyware threats that keep security and anti-virus companies in business.

The Federal Department of Broadband, Communications and the Digital Industry defines spam as "any commercial electronic message sent without the consent of the addressee via email, short message service (SMS), multimedia message service (MMS) or instant messaging".

Consent is key

The *Spam Act 2003* prohibits the use of electronic direct mail (EDM) by business to communicate with customers, in bulk or individually, without ensuring recipients have subscribed to the message and

can opt out at any time. (Voice-to-voice communication by telephone and messages sent by fax are presently excluded from the regulation).

Commercial electronic messages include offers to supply goods or services; advertisements for goods and services, land or business or investment opportunities; and messages that direct the recipient to a location where goods and services are sold or advertised.

Hitting home

The *Spam Act 2003* is enforced by the Australian Communications and Media Authority (ACMA) and penalties for non-compliance have been in place since 2004. The ACMA has taken a range of enforcement action against non-compliant 'spammers' in the past 12 months. Penalties for repeat offenders can reach up to \$1.1 million per day.

Following a breach of the Act in January involving a real estate agency in Wollongong (see page 8) the ACMA identified that messages sent by the company "did not contain unsubscribe wording".

It was the first breach from the sector since 2009, when the ACMA launched an awareness campaign after raising concerns about "widespread non-compliance with marketing obligations". It targeted more than 40 leading real estate franchisors and companies to both inform them of their key obligations under the *Spam Act 2003* and provide links to online training.

Education is the first step on the ACMA's tiered approach to ensure businesses are aware of the consequences they face by non-compliance with the Act.

Chris Cheah, the ACMA's Acting Deputy Chairman, says real estate

agents need to understand that even when they're dealing with potential buyers on a one-to-one basis, "the interactions are commercial and they need to comply with spam and telemarketing laws".

The Spam Act

To comply with the *Spam Act 2003* commercial electronic messages must have the following features:

- **Consent** – it must be sent with the recipient's consent. They may give express consent, or consent may be inferred from their conduct and 'existing business or other relationships'
- **Identify** – it must contain clear and accurate information about the person or organisation that authorised the sending of the message
- **Unsubscribe** – it must contain a functional 'unsubscribe' facility to allow the recipient to opt out from receiving messages from that source in the future.



The *Spam Act 2003* only applies to electronic messages that have an 'Australian link'. This means that they originate or are commissioned in Australia; or originate or are commissioned overseas and sent to an address accessed in Australia.

The Act also prohibits the supply, acquisition or use of software that 'harvests' electronic addresses from the internet for the purpose of sending spam. Similarly, the provision, acquisition or use of harvested address lists to send spam is prohibited.

Exceptions

Electronic messages from the following sources are exempted

from the Act:

- government bodies
- registered political parties
- charities
- religious organisations
- educational institutions (sent to current and former students and their households).

For more information on the Spam Act 2003, visit www.acma.gov.au or www.dbcde.gov.au ◆

"When dealing with potential buyers on a one-to-one basis, the interactions are commercial and they need to comply with spam and telemarketing laws."

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Ask Jason Roach, National Industry Leader - Real Estate

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Email realestate@westpac.com.au

Things you should know: © 2010 Westpac Banking Corporation, ABN 33 007 457 141. Information current as at 16th July 2010



Realcover comes of age

Meet the people behind Realcover as the industry-owned insurer prepares for national expansion.

"It has been a fascinating journey," says founder and outgoing Chair of Realcover, John Hill. After eight years at the helm of the industry-owned professional indemnity (PI) insurer, he is handing the reins to his Deputy Chair, Tony Brasier. But John will remain on the Board for the next 12 months

John believes Tony is the ideal candidate to head Realcover as it prepares for national expansion. "We're lucky he's leading us through this exciting phase of our development," he says.

Leading the charge

Tony has been in real estate for 35 years, 10 years as CEO and Chairman of Colliers where he was heavily involved in PI matters. He looks forward to taking Realcover's offerings to real estate professionals across Australia.

"Things have changed for us and we're now in an excellent position to grow the business nationally ... we hope to push into all growth areas in the next five years and become the main PI insurer for the industry," says Tony.

His main focus as Chair will be to help agents understand the benefits of being insured by Realcover. "It's about getting the message across that we provide competitively priced premiums, and being industry-owned means future stability," he says. To successfully convey this



"Things have changed for us and we're now in an excellent position to grow the business nationally."

Incoming Chair Tony Brasier

message, Realcover is joining forces with other State Institutes. The partnerships will aim to promote the Realcover brand and achieve traction in those markets.

The early years

John recalls the moment when he and other members of the REINSW Board considered starting a PI insurance business

that would tailor its offerings to real estate professionals.

"When HIH went broke, premiums skyrocketed – some by more than 600 per cent. That's when we realised that agents deserved an alternative," says John.

Realcover was established in 2002 and there was a quick uptake by NSW agents. John admits he knew little about the insurance industry at the time. "But I wanted to learn," he says.

An enormous amount of research went into developing the business model for Realcover to ensure real estate agents got a competitively priced product that would be around for the long term, explains John.

"We started the insurance company with advice from expert consultants who shared our vision," he adds.

But John believes Realcover's strength is its understanding of the property industry, with a Board comprised mostly of real estate professionals and past REINSW Presidents.

Working with these veterans of the industry has given John "an immense amount of personal satisfaction".

"The best part of the job is the people involved," he says.

"I feel that we've made a great achievement for the industry."

Point of difference

Realcover differs from other insurance providers, explains John. Gaining its Australian Prudential Regulation Authority (APRA) licence in 2008, Realcover is the only Australian insurance company that is



"I feel that we've made a great achievement for the industry and had a lot of satisfaction along the way."

Outgoing Chair John Hill

dedicated to providing products for real estate professionals.

"The licensing process was really tough and took almost 12 months. APRA were very professional and have added another dimension to the way we manage the business," says John.

Also supporting Realcover is minority shareholder Risk Advisory Services (RAS). John says RAS Managing Director Tony Cope has made an invaluable contribution to Realcover since its inception.

"Tony has been there since the beginning in one capacity or another and shares the passion," John says. "In the early days, we flew around Australia together to meet with the various Institutes and try to get them on board."

Growing team

A turning point for Realcover was the employment of Nancy Rainbird as Manager Claims, Compliance & Risk. "Nancy's contribution on the licensing side has been invaluable," says John.



"I know about every claim and I get to speak to the agents directly."

Nancy Rainbird, Manager Claims, Compliance & Risk

Nancy has more than 10 years' experience as a solicitor and has practised exclusively in the area of liability litigation. But after the birth of her two children, she took her career in a different direction.

"I stumbled on the job ad by Realcover and saw it as an opportunity to achieve the work-life balance I now wanted," Nancy explains. "It was the best move I ever made."

Based at REI House in Sydney, Nancy says that the most satisfying part of her job is seeing first hand how Realcover assists real estate professionals.

"I know about every claim and I get to speak to the agents directly. I also regularly speak with REINSW training staff and discuss ideas for continuing professional development (CPD) courses around claim queries," says Nancy.

Industry shift

These CPD courses are extremely important in the highly regulated real estate industry because "even the most diligent real estate professional can be found liable and made to pay an exorbitant amount in damages," says John.

"It defies logic that agents can spend a lifetime building a business and the whole thing is at risk if a tenant sues. Even places

with the best kept records and systems are vulnerable," he adds.

But John has observed a shift in the industry, with more real estate professionals taking out PI insurance. He has also noticed agents often advise their clients on issues such as landlord's insurance.

New offering

With this in mind, Realcover recently launched a competitive Landlord's Insurance Policy. The product is important for Realcover to grow commercially, says Tony. "Landlord's insurance is a natural progression and we are providing a very competitive product to agents and their clients."

Chief Operating Officer Michael Lynch joined Realcover last year to help develop additional offerings such as landlord's insurance. His involvement has been invaluable, adds Tony.

"I'd like to see the business double and double again in the next few years and, with the support of agents, there's no reason that can't be achieved," he adds. ♦



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- TRA abides by "Property, Stock and Business Agents Amendments (Tenant Databases) Regulation 2004".

High achievers

Century 21 real estate professionals were recognised for excellent sales results at the Second Quarter Awards event.



1



2



3



4

1. Southwest Fairfield wins the Top Auction Office award
2. Five Star Properties, Newcastle is ranked 13th in the top 21 performing agencies
3. Joseph Tan accepts a diamond award from Jane Whelan, Century 21 Australia Area Manager
4. Cordeau Marshall Lindfield's sales results get second place behind sister agency Cordeau Marshall, Gordon

In August, Century 21 rewarded its top performers in NSW at the Second Quarter Awards night. The event was held at Waterview Convention Centre in Homebush, Sydney where guests were entertained by comedian Keith Scott prior to the award presentations.

Individual winners

The second quarter saw a record of six Century 21 real estate

professionals receive a Diamond Award, which goes to agents who achieve \$180,000 in gross closed commission. The winners were:

- Luke Jeffree, Jeffree Real Estate Gynea
- Nickolas Papadopoulos, Southwest Fairfield
- Ivan Resnekov, Resnekov Realty Mosman
- REINSW President Wayne Stewart, Five Star Properties Newcastle

- Joseph Tan, Joseph Tan Real Estate West Pennant Hills
- Michelle Placks, Cordeau Marshall Gordon

Top performing agencies

The quarter saw one of Century 21's highest achievers, Joseph Tan Real Estate, reach \$1 billion in sales since joining the franchise.

The following Century 21 agencies in NSW were also

recognised for excellent sales results in the second quarter:

- Cordeau Marshall, Gordon
- Joseph Tan Real Estate, West Pennant Hills
- Five Star Properties, Newcastle
- Resnekov Realty, Mosman
- MetroWest, Parramatta
- Carlton Real Estate, Mittagong
- Stals & Kirk, Newcastle
- Specialist Realty, Hurstville
- The Complete Real Estate, Castle Hill ♦

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Home truths

BY MICHAEL SCHAPER

Real estate professionals could face financial penalties for making false or misleading representations under new consumer laws.

There have been a number of media reports about new penalties that may be imposed on real estate professionals who don't advise prospective buyers or renters about murders at a property, unruly neighbours, barking dogs or even dummy bids. This media attention relates to recent amendments to the *Trade Practices Act 1974*.

The rules that prohibit businesses from making false or misleading representations are not new. However, courts previously couldn't impose penalties for breaches of these provisions unless a criminal lawsuit was actioned against a business.

Following the introduction of new consumer laws in April, courts may now impose civil pecuniary (financial) penalties on a business or individual that makes certain false or misleading representations about goods or services, including property. The maximum penalty for an individual is \$220,000, and a corporation may be liable to pay up to \$1.1 million.

Accurate claims

Real estate professionals frequently make claims about

the properties they are selling or renting, whether in advertising material or verbally. When making these claims, you must ensure that you are being honest, accurate and not giving any false impressions about the property.

When pricing property, you must ensure that the advertised price is either the minimum that you have been advised the seller will accept, or it is based on reliable research about the value of the property.

Disclosure

Real estate professionals must also be careful not to withhold relevant information from clients, or fail to correct a client's mistaken assumption.

While there is no general duty to disclose all information, failure to mention an important matter may be considered misleading or deceptive and therefore breach the Act. This is assessed on a case-by-case basis.

Consider the following example. An agent lists a house for sale and learns from discussions with the seller that a neighbour runs drumming classes in their garage on weekends. During an



“

THE MAXIMUM PENALTY FOR AN INDIVIDUAL IS

\$220,000

and a corporation may be liable to pay up to

\$1.1M

”

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inspection (held on a weekday), potential purchasers tell the agent that they “have been looking everywhere for a quiet, peaceful neighbourhood like this” and will make an offer on the property.

The agent knows the noise generated by the classes will affect the peace and tranquillity of the neighbourhood. Consequently, failing to disclose the weekend drumming classes to the purchaser may be considered misleading conduct.

Advertising

When advertising properties, all real estate professionals should ensure that advertising material is honest, accurate and does not create a false or misleading impression of the property or the services provided by the agent. Not only are you complying with the Act, you are also promoting confidence in your services as well as the broader property market.

Mark Schaper is Deputy Chair of the ACCC. For more information on trade practices compliance, visit www.accc.gov.au/smallbusiness ♦



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BY JOSHUA CHARLES



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Spotlight on industrial property

Industrial real estate has become a more sophisticated sector since the introduction of industrial-specific Real Estate Investment Trusts (REITs).

The industrial landscape has changed significantly in recent years. Twelve years ago there were very few industrial-specific REITs. Today, what is colloquially referred to as the 'sheds' sector, has become a more professional, complex and global industry.

Understanding REITs

REITs are investment vehicles that hold income-producing real estate. Individuals can invest in REITs either by purchasing shares directly on an open exchange, or by investing in a mutual fund that specialises in public real estate.

The REIT concept was launched in Australia in 1971. There are now more than 70 Australian REITs listed on the ASX, making Australia one of the world's largest REIT markets outside the United States.

Getting into the industrial sector

Today, an industrial real estate professional is in many ways an investment adviser. A simple understanding of what a property might lease for just won't cut it.

With equity prices constantly impacted by the slightest news,

some REITs can be reluctant to publicise that they have property for sale. Instead, REITs will ask industrial real estate professionals the following questions: who has money? how motivated are they to spend it? and are they prepared to buy in the yield range required by the vendor?

Agents must therefore understand the sophisticated investment criteria of buyers in today's market as well as why certain groups want (or have) to buy or sell. Solid knowledge of the fundamentals of commercial property is also essential.

Buyer activity

The 2009-10 reporting season for REITs was one of the more successful rounds of results for some years.

Despite this strengthening of the industrial market, investors remain cautious in the wake of the GFC. Location, length of lease and strength of covenant are once again vital to buyers. If an investment doesn't tick every box, they are reluctant to spend their time and money making an offer and conducting due diligence – not to mention trying to source funding.

Another trend is the growth of industrial purchases by offshore buyers. More than 40 per cent of major investment sales have been transacted with offshore buyers this year.

Asian investors, in particular, are increasingly active in the Australian industrial property market. Australia is an attractive option for Asian vendors given the relatively secure nature of the market, which was resilient following the GFC compared to many European markets.

Our stable government, well-established and regulated

“

From an agency viewpoint, I am cautiously optimistic about the next two years and will be getting ready for an increase in transactions.

”

property and tax systems, and a constant source of property investment demand (courtesy of our superannuation system) ensure that Australian investment property is a reasonably safe bet.

Since the bottoming of the market in April 2009, there has been steady growth in the

industrial sector. From an agency viewpoint, I am cautiously optimistic about the next two years and will be getting ready for the increase in transactions that we are already experiencing.

REINSW member Joshua Charles is the Regional Head of CBRE's Industrial, Logistics and Investments Group. ♦

CBRE INDUSTRIAL SALES 2010

In July 2010, CBRE sold a portfolio of eight industrial properties for more than \$210m to Singaporean-based REIT, GIC. Then in August, CBRE sold a \$172m portfolio of industrial and commercial property to Melbourne-based REIT Growthpoint Properties.

Currently, CBRE has three other portfolios of purely industrial property being offered for sale in Australia, with the smallest worth around \$260m.

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BY LYN TAMSETT

5 steps to a paperless office

Property management is a paper-intensive business. Here are some tips to help you reduce the paper pile in your office.



1

Scan and archive

Storing trust account reports on your computer system, for example, ensures that the data is easily accessible and – as long as you back up regularly – is in a safe place.

When one of your tenancies ends (and the paperwork needs to be archived), scan all the relevant documents, shred the originals and store the electronic files on your computer system. Assigning a scanned document to the relevant owner or tenant means you can search for it quickly and easily at a later date.

There are several software programs available which are specifically designed to help property managers archive scanned documents.

2

Communicate electronically

Most correspondence to landlords and tenants, including owner statements, letters and invoices, can be emailed. Email also ensures that your message reaches the recipient faster than if it were sent by post; and you can save a copy of what you send.

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When your office does receive a letter, scan and store it on your system to help track correspondence that relates to a specific matter.

There are other efficient forms of electronic messaging that property managers can take advantage of, such as SMS. This is an effective means of notifying a tenant that their rent is in arrears.

3

Use online resources

Online services that allow tenants and landlords to access their respective ledgers are now widely available. Each party can see how much rent has been paid at any time of the day or night, and the property manager avoids having to send a printed statement. For security reasons, these services will usually require the tenant/landlord to enter a user ID to access the information.

There are other online resources and devices that can go a long way to reducing the amount of paper in your office. For example, some property managers use palm-size computers at routine inspections to fill in online inspection reports.

4

Encourage online banking

Many tenants will agree to pay their rent using automatic funds transfer. This eliminates the need to issue receipts. You can also use online banking facilities to pay suppliers, process payments to your owners and give refunds to tenants.

5

Convert your clients

Some clients will be accustomed to traditional means of correspondence and won't be comfortable with paperless processes. Educating them about the technologies available and how they can save time and money will help persuade them to opt for the electronic alternative.

Taking these small steps to reduce the amount of paper you use can have a big impact on the administration of your property management department. You can save money and space, make it easier to access and share documents and reduce your environmental impact.

Lyn Tamsett is a member of the REINSW Property Management Chapter Committee and Principal of KG Hurst Real Estate in Eastwood. ♦

OLIVER KING

Oliver King is the new owner of Richardson & Wrench Residential Miranda and Richardson & Wrench Commercial Sutherland Shire. He also recently joined REINSW.

As a REINSW member, Oliver looks forward to taking advantage of a number of member benefits that will help grow his new businesses.

“The benefits of membership with REINSW are comprehensive and wide-ranging,” says Oliver. “I can call the Member Helpline for any real estate legislation and compliance queries, which is fantastic.

“There is also advice, prompt and friendly service, and many exclusive member offers that combine to provide a great service and a feeling of partnership with our industry body.”

After joining Richardson & Wrench in 2008, Oliver promptly made a name for himself as an accomplished auctioneer. He won the REINSW St George & Sutherland Shire Division Novice Auctioneers Competition in 2009 and his services were soon commissioned by one of Sydney’s largest residential auction houses.



“I can call the Member Helpline for any real estate legislation and compliance queries, which is fantastic.”

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Business tools

These innovative products from Airview and Adept are designed to help real estate professionals take their business to the next level.



AIRVIEW: A NEW PERSPECTIVE FOR PROPERTY PHOTOGRAPHY

Airview Aerial Photography offers customised aerial shoots. From real estate photography to revealing the potential views for high-rise projects, Airview provides high-quality aerial imaging.

In July, Airview celebrated its 10-year anniversary. The company was founded in 2000 with a plan to shoot Olympic-related activities. When the Olympics ended, Airview moved into real estate.

Stephen Brookes, Managing Director of Airview Aerial Photography, says: "When we started in the real estate market we worked with local agencies on Sydney's northern beaches."

Airview still maintains its northern beaches base but, with its own aircraft, can easily and quickly reach any number of sites throughout NSW and, if required, other Australian states.

Mark Merton, Chief Photographer at Airview, believes the business has been successful thanks to strong client relationships. "We really enjoy getting to know our clients. It's only when you really understand an agent or agency's needs that you can supply the best possible tailored solution," he says.

Airviewonline

Airviewonline is the stock image library of Airview Aerial Photography. Through this easy-to-use site, you will be able to search, purchase and download from a vast collection of aerial images.

Nearly 12,000 photos are currently on the website. If you are unable to find the image you're after, contact the Airview team and they'll search through their offline library for a more specific shot.

Visit www.airviewonline.com.au

ADEPT SOFTWARE HELPS AGENTS MANAGE PROPERTY

Adept Business Systems has released a new version of the Adept Property Management System, a comprehensive software application for management of commercial property portfolios.

APM7 provides greater flexibility to property managers as well as offering a more streamlined approach to the various critical tasks involved in daily property management.

It features a property intelligence tool that can generate and automatically distribute information to stakeholders. This means the vital characteristics of a property portfolio, such as upcoming lease expiries or rental arrears, can be monitored and actioned.

"One of the major design objectives of APM7 has been to improve the product's navigation and ease of use," says Steve Clark, CEO of Adept. "APM has a reputation for being a very powerful property management system. However, we wanted to make that power more accessible to a wider range of users and help property managers get more things done in a day."

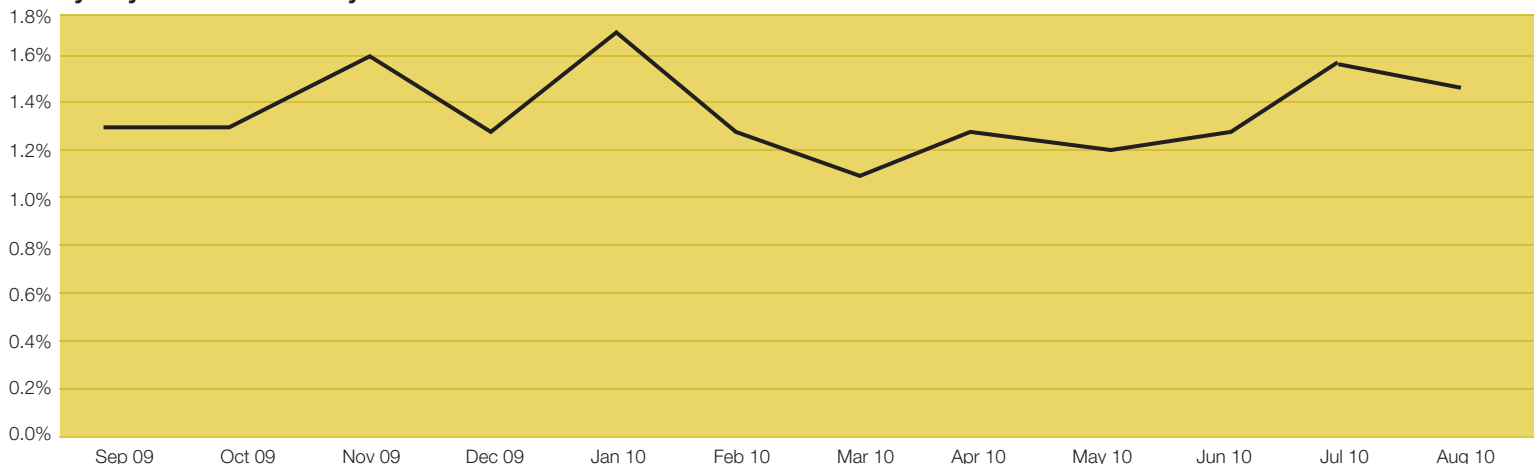
More information is available from Adept Business Systems on (02) 9330 5555 or visit www.adept.com.au ♦

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	Aug-10 (%)	Jul-10 (%)	Jun-10 (%)	May-10 (%)		Aug-10 (%)	Jul-10 (%)	Jun-10 (%)	May-10 (%)
Inner	1.3	1.6	1.3	1.2	ALBURY	2.5	2.7	2.1	2.5
Middle	1.8	2.0	1.6	1.3	CENTRAL WEST	1.4	1.7	1.5	2.4
Outer	1.4	1.2	1.1	1.2	COFFS HARBOUR	3.0	2.9	3.0	3.6
Total	1.5	1.6	1.3	1.2	FAR WEST	-	-	-	-
HUNTER					MID-NORTH COAST	2.2	2.6	2.5	2.2
Newcastle	1.7	1.7	2.1	1.6	MURRUMBIDGEE	4.0	4.2	4.3	3.1
Other	1.9	1.8	1.9	1.6	NEW ENGLAND	1.9	2.1	2.3	2.7
Total	1.8	1.7	2.0	1.6	NORTHERN RIVERS	3.0	3.0	2.0	2.1
ILLAWARRA					ORANA	1.7	2.8	3.3	2.6
Wollongong	2.0	1.4	1.3	1.1	RIVERINA	3.1	3.5	3.5	4.2
Other	1.6	1.7	1.7	1.4	SOUTH COAST	1.6	2.7	2.3	2.2
Total	1.8	1.6	1.5	1.3	SOUTH EASTERN	0.9	1.0	1.0	1.6
CENTRAL COAST									
	2.2	2.1	2.3	1.9					

Sydney residential vacancy rate



Source: REINSW Vacancy Rate Survey

Did you know 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

	Inner Sydney		Inner West		Lower North		Inner East		SYDNEY	
	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate	Number Auctioned	Auction Clearance Rate
29/08/10	106	77.1%	42	73.3%	55	66.2%	89	77.4%	586	70.2%
22/08/10	42	73.9%	30	62.9%	34	71.4%	44	80.4%	300	69.3%
15/08/10	86	76.8%	30	80.0%	69	73.6%	65	79.7%	504	68.8%
8/08/10	64	75.7%	44	73.9%	50	77.4%	46	75.0%	436	66.3%
1/08/10	76	73.3%	35	75.7%	46	60.0%	66	68.5%	499	59.5%
25/07/10	90	67.9%	27	75.9%	66	81.4%	54	71.0%	442	68.6%
18/07/10	83	75.8%	30	73.3%	55	64.7%	50	84.0%	431	64.9%
11/07/10	87	77.5%	36	59.0%	53	68.8%	47	79.2%	425	61.9%
4/07/10	111	81.7%	37	56.8%	96	69.9%	90	69.8%	629	66.7%
27/06/10	113	72.1%	45	73.5%	104	67.8%	111	75.6%	701	66.7%
20/06/10	119	68.0%	51	55.1%	95	70.6%	96	53.6%	713	60.2%
13/06/10	54	76.3%	23	83.3%	56	74.6%	63	66.7%	412	68.8%

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The lighter side of real estate

The *Real Estate Journal* brings you a dose of humour from real estate professionals on the ground. In this issue, a rural property manager tells us how agents went up against nature – and lost!



BY SIMONE MARSHMAN,
HOUSES R US

YOUR STORY

We want to hear your stories! If you have a humorous or interesting story you'd like to share with REINSW members in 'The lighter side of real estate', email the editor at leanne@mahlabmedia.com.au

I work for a great independently-owned agency in the heart of Tamworth with a very professional and good-humored team.

When I suggested to my employer that we expand into rural property management, I was unprepared for the unique challenges we were about to face. There are many humorous stories our agency could tell about bulls in front yards, goat bones being dug up by horses and a friendly brown snake who just wouldn't leave home.

However, two of my favourite stories involve a nice drive in the country turning into a complete 'wash out' and an SOS text message about a bird attack.

Wash out

Our rural rent roll had grown in an area just outside of Tamworth. So I suggested to our property officer and my employer that we take a drive to the area to view the properties and have a picnic lunch on the way.

We arrived at the town centre in two cars, so I advised my boss to leave her European sports car and ride with me in my four-wheel drive.

The sun was shining and the countryside looked beautiful. After a picnic lunch beside a pebble-lined creek, we made our way to the first property. The sky had darkened but, ever the optimist, I said: "No, it's not going to rain."

Soon after we entered the house there was a downpour with hailstones the size of golf balls. From the little farm cottage we watched the wind become gale force and trees being uprooted.

Two things were on my boss' mind: her lovely car being pounded by the violent weather, and how to get back to my vehicle without ruining her shoes!

SOS

I leased a property just outside of Tamworth in one of the coldest parts of the region.

When I arrived at the six-acre property, I did away with my high heels and tucked my suit pants into my gumboots. I then swapped my tailored jacket for the big woollen overcoat.

As soon as I stepped out of the car two large terrifying birds swooped towards me! I jumped back into the car and sent the following text to the office: "Help! I'm being attacked by feral birds."

When I finally made it back to work I found out that there had been a drawing contest in my absence. Two failed artist's impressions of me wearing gumboots and being attacked by birds were on display.

To this day, visitors to our agency are told the story, with visual aids, and it always ends in riotous laughter. ♦

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