

Journal

MAY 2011
VOL 62/04



Expert assistance

Why you should
outsource vital tasks

Young gun

How one agent climbed
the real estate ladder

Benchmarking for profit

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ON THE COVER
Bondi agent Mary Anne Cronin has achieved celebrity status after featuring on television shows like *The Block* and *Hot Property*.



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According to Gai, the new facility also saves time by speeding up the tenancy application process and is legally safer for property managers and the Principals of the agency. The

new service even includes the logo of the real estate agency on the tenancy application, ensuring it blends with each agency's branding. These ideas and developments are subject to Australian and international Patents Right Pending.

REINSW formed an alliance with TRA in March 2010 to help members with one of their most vexing issues – protecting landlords, their clients, from bad tenants.

Gai believes one of the reasons for TRA's success is the priority she gives to listening to clients. This helps her formulate ideas which continue to refine and improve the TRA system. "This results in a more professional tool to

REINSW members are entitled to a free three-month trial of TRA's tenant database.

assist my clients select tenants for their owners," explains Gai.

"The new tenancy application facility also addresses new *Residential Tenancies Act 2010* legislation and is an example of how we continue to monitor developments to refine our service."

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Exploring property's media evolution

Can you believe it is May 2011 already? What a busy start to the year it has been, with most sectors of the marketplace recording strong demand and shortage of supply.

Watching buyers compete for property on a plethora of lifestyle television shows is another testimony to a confident marketplace. This month's cover story discusses the role that the media plays in real estate, through not only lifestyle TV, but in print and online as well.

Read how this evolution in media has changed our industry, both within and from the consumer's point of view.

Business success

The challenge of running your own business today has never been greater but several

stories from member agents provide both enlightenment and solutions for success.

The Real Estate Results Network has adopted Real Business First to set benchmarks within its system. Why? Understanding your business better gives you the ability to drive it to even greater success and profits.

We also talk to Andrew Lutze, a young agent who discusses the trials and tribulations of those first few years in business. Many of you will relate to this story.

Meanwhile, Douglas Driscoll from Starr Partners explains why it is sensible business to outsource many tasks to professionals in their field, a decision that can increase your own agency's productivity.

Chapter news

Our Chapters are all busy with their respective issues and marketplaces. On the commercial front, read about the rise of the super pub and how big players such as Merivale and Keystone have affected the metropolitan hotel business.

In the residential area, we are experiencing the return of the first homebuyer. After the rise and fall of 2008/2009, there is strong anecdotal evidence suggesting they are back and we look at what makes them different in the marketplace.

Let us also spare a thought for our friends in rural NSW who seem to face an endless barrage of environmental calamities. From droughts to flooding rains, locusts to bushfires, it seems there's a seasonal foe out there

for rural agents at all times of the year. Read about how they cope with these problems.

Finally, I have thus far resisted the urge to buy a GPS, but I'm not sure that's sensible in today's market. Getting around your local streets in the fastest way possible is not about speeding but about finding the best route and GPS technology is an affordable solution. We have a look at some options.

Enjoy the read and don't forget to get your tax receipts ready for next month!



Wayne Stewart
REINSW President

REINSW Major Partners

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Urgent action needed on housing affordability and supply

The recent state election and REINSW media activity has put the issue of housing affordability and supply right back in the spotlight – unfortunately though, without action the crisis in NSW looks likely to continue on both fronts.

REINSW has been lobbying government to urgently address the affordability and supply issues for some time. The new State Government must immediately review NSW's dependency on property taxation and our planning system, which is cumbersome and costly.

Put simply, NSW has not built enough houses to meet demand and that has caused stress in the market.

A recent study clearly indicated that Sydney homebuyers pay five times as much in government and council levies as their counterparts in Victoria.

To put this into perspective, someone building a house in Blacktown (Sydney) would pay \$31,500 in levies; if they were building the same house in Cranbourne (Victoria) they would only pay \$6810.

The State Government has been utterly dependent on property taxes over many years – it has been the solution to everything! Every time they need more funds, they hit the property sector. The sad reality though is that the person who ultimately pays all the taxes and additional costs from the costly and inefficient planning system is the end user – the homebuyer!

Housing shortfall

Year on year we are building fewer homes than we need and if the current trend continues, it is predicted that we will have a deficiency of 230,000 dwellings by 2020. This, of itself, has driven prices up.

We're lagging well behind our friends in Victoria on this score as well. According to Bureau of Statistics data, Victoria recorded 35 per cent of Australia's dwelling commencements in 2010, compared to NSW with only 19 per cent.

The figures are even more alarming over the longer term, with Victoria more than doubling the housing output of NSW since 2006, with an extra 85,423 homes constructed.

The simple fact is developers are not encouraged to invest in building projects in NSW because of taxation laws which effectively see them paying tax on a tax on a tax from all levels of government.

Recent research published by the OECD underscores the affordability and supply issues. It showed that home ownership in Australia dropped from

71.4 per cent to 69.5 per cent of the population from the late 1990s to the early 2000s.

We are one of just five countries where home ownership rates fell during that period.

The new State Government has been delivered an unprecedented mandate for change. The time for action is now. REINSW will be calling on the government to make affordability and supply of housing a priority during its first months in power.

Tim McKibbin
REINSW CEO



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First-time borrowers seek no deposit loans

Despite more stringent borrowing conditions left in the wake of the Global Financial Crisis, first homebuyers flooding back into the housing market are increasingly looking for no-deposit home loans.

Figures compiled by mortgage broker Loan Market show that enquiries for no-deposit home loans rose by 28 per cent in January and were up by 57 per cent in February, even though no such loans exist.

"First homebuyers are looking to get into the property market but many are trying to do so by borrowing the whole cost of the property," said Dean Rushton, Loan Market Chief Operating Officer.

"However, 100 per cent home loans were justifiably the first products to go with the GFC and those enquiring about this product will not get a loan."

Low-deposit loans are still available, however, with a product offered by the Teachers Credit Union requiring just a two per cent deposit and other companies offering 95 per cent loans.

Population cap will decimate Sydney house prices

A Federal Government policy to cap urban population growth could see home prices in Sydney fall by more than 18 per cent in the next decade, according to a report in *The Sydney Morning Herald*.

Property economists MacroPlan Australia modelled the impact of a population cap over two five-year periods and it has been submitted to

the government's sustainable population strategy.

It follows comments by Prime Minister Julia Gillard and Sustainable Population Minister Tony Burke that some of Australia's biggest urban centres may have reached their "carrying capacity".

The government has since flagged the idea of population

growth in regional or remote parts of Australia instead of the capital cities.

The MacroPlan modelling forecasts an annual house price drop of 1.3 per cent over the first five years in Sydney, which would then increase at a rapid rate to 18.3 per cent over the next five years as retirees rushed to sell their homes as prices begin to plummet.



Thinkstock

Fixed rates lose their appeal

Homebuyers are starting to shun fixed interest rate loans as interest rate stability and heated competition in the home loan market makes the variable rate option more attractive.

According to Mortgage Choice, demand for fixed rate loans is at its lowest since October 2010. The latest data from Australia's largest independently owned

mortgage broker shows 10.7 per cent of the home loans approved for its customers in February had a fixed interest rate.

This compares to 15.3 per cent in January, 15.2 per cent in December and 11.2 per cent in November.

"It appears new borrowers were lapping up the newly introduced

(variable) deals on offer in February, taking advantage of lenders' various incentives as they compete to outstrip each other of vital market share," said Kristy Sheppard, Mortgage Choice spokesperson.

"A move away from fixed interest rates may also signal an uptick in positive consumer sentiment towards the economic outlook."



Economic growth to cause more distress sales

An unexpected side-effect of Australia's current period of economic growth will be an increase in the number of distressed property sales in the next 12 months, according to Colliers International.

Colliers' Insolvency and Distressed Assets white paper indicates that increased confidence in the property market means

property held from the market over the past two years would now be sold.

"The number of insolvent or distressed assets on the market remained low through 2009 due to a lack of liquidity and demand from buyers," said Malcom Tyson, Colliers International NSW State Chief Executive and National Manager for Insolvency Property Services.

"This turned around over the course of 2010 as confidence in the domestic economy, and increased demand from foreign and local investors led to stabilisation and, in some cases, growth within Australian property markets.

"Receivers, administrators and lenders began to move on assets as they felt confident they could recover fair value of property to cover debt levels."

Sydney industrial market grows

Increasing demand in the logistics sector is helping a recovery in the Sydney industrial market, with solid rent increases expected over the next two years, according to CB Richard Ellis.

Peter Blade, CB Richard Ellis Director, Industrial & Logistics Services, said a range of third-party logistics providers were actively seeking space in western Sydney as were a number of larger corporates seeking to streamline their logistics operations.

"There is real pent-up demand from logistics providers because there has been very little industrial development in Sydney over the past two years," said Mr Blade.

CB Richard Ellis estimates that net face industrial rents are likely to grow by 3.1 per cent in 2011 and a further 1.8 per cent in 2012.

An average of 969,483sqm of space is expected to be completed per annum over 2011/12 with around 83 per cent of this construction to occur in Sydney's west.

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NSW worst for planning

Calls for a reform of NSW's planning system have been strengthened by the release of a draft research report by the Productivity Commission, according to the Urban Taskforce.

Taskforce Chief Executive Aaron Gadiel said the wide-ranging report found that NSW had the highest residential, commercial and industrial infrastructure charges, limited zonings and uncooperative state/council relations.

"NSW clearly stands out as the state that is cursed with Australia's worst planning system," said Mr Gadiel. "NSW is heading for a housing shortfall of 100,000 homes within just three years.

"Sydney's actual housing supply is running at half the government's target. The housing undersupply means more congestion, as people live further away from their place of work, and higher rents."



Bulky goods sector on the rise

The bulky goods sector is enjoying the flow-on effect of interest rate stability as consumers are starting to once again feel more comfortable spending money on home improvements.

Bunnings Warehouse Property Trust recently decided to buy 10 more stores, IKEA is set to open its new mega store at Tempe and Charter Hall group, owner of the Home HQ in Artarmon, has selected the sector as one for growth.

Alistair Palmer, Bulky Goods Director for CB Richard Ellis, told *The Sydney Morning Herald* that the positive flow-on effect of NSW housing starts would help to lift the sector.

"The bulky goods sector is strongly linked to the performance of the housing market," said Mr Palmer.

"Thus, a robust gain in NSW housing starts in 2010 and solid forecasts until 2015 should signal growth opportunities."

REINSW IN THE MEDIA

REINSW views on housing affordability, planning reforms and housing starts were all recent topics in the media.

Print

- REINSW Board member Tony Santolin told the *Area News* (Griffith) that interest was returning to the Griffith property market.
- In the *Daily Advertiser* (Wagga Wagga), REINSW President Wayne Stewart said NSW faced a "flood of economic refugees" if the housing crisis was not addressed.
- REINSW CEO Tim McKibbin told the *The Sydney Morning Herald* that he was unsurprised at reports of university students being forced to live in hotels.
- Residents objecting to the construction of affordable housing in the Sydney suburb of Frenchs Forest have been accused on 'NIMBYism' by REINSW Vice President John Cunningham in the *Manly Daily* (Sydney).
- Wayne Stewart told the *Lakesmail* (Morisset) that a continued fall in housing starts would be reflected even more strongly in the Hunter region.

Outdoor living tops the housing wish list

Forget about the extra bedroom, the media room, or even the games room. When it comes to house hunters in western Sydney, the new must-have feature in a home is its proximity to multipurpose parklands.

Over the past decade, parkland and outdoor areas have become a major selling point for developers in Sydney's

west with an influx of families with young children driving the demand.

It also reflects a greater awareness of the importance of physical activity in maintaining good health for both adults and kids.

"Gone are the days of 1980s-style communities with

an unadorned oval that could be on the other side of the suburb," said Matthew Mears, Stockland General Manager for Residential Development.

"Today's families are demanding close proximity to a range of parklands and recreation opportunities, and want to be able to walk or cycle rather than always have to drive."



NewsPix

MARCH MEDIA ROUND-UP

REINSW appeared in:

- 8 television spots
- 28 radio spots
- 42 print articles
- 40 website stories

The total audience reached in Australia was 1.87 million people. View all of REINSW's recent media coverage at www.reinsw.com.au



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Good people to know.



On the buses

A novel new solution to housing affordability and undersupply in Australia is offering tenants the chance to live in converted buses, and investors some healthy financial returns.

For most people, time spent on a bus is usually limited to the trip to and from work or perhaps a road-trip style holiday.

But if a novel new idea takes off, many prospective tenants struggling to find cheap accommodation in a rising rental market could be calling the humble public transportation workhorse home.

And property investors may have a potential new income stream.

The idea is the brainchild of an online company called MobileHomeInvesting.com.au, which is calling on investors to spend \$26,000 on the converted buses, to be situated on privately owned land sourced close to major urban centres. Investors are being promised an initial annual return of more than 15 per cent.

The buses will be converted into dwellings that are similar in size and layout to a studio apartment, with single occupants or couples viewed as the ideal tenant. Each 'bus' will have a minimum of half an acre of land, with full bathroom, bedroom and kitchen facilities included as part of the fit-out.

The Tamworth-based company says it will be targeting tenants

on government rent assistance, but is very keen to distance itself from the idea of creating caravan park or housing commission style communities.

"The regulations are very strict," the company states. "There is a maximum of five mobile homes on a minimum of two acres of land. With low-density housing, a ghetto is highly unlikely to be a problem."

"Our ideal tenant is a single woman in her 40s or mature couples. While entirely possible, we find it difficult to believe that five of them will get together, choose some gang colours and destroy the neighbourhood."

The current developments are in south-east Queensland, with Victoria and Western Australia also in the pipeline. Each converted bus is expected to have a lifespan of at least 10 years.

REINSW CEO Tim McKibbin said innovative ideas like this were a result of the current housing crisis.

"We will see more of these type of solutions as housing affordability and undersupply continue to be major problems," he said. ♦



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lights, camera, ACTION!



In a fast-changing media landscape, agents are finding new and exciting opportunities for generating publicity, and finding motivated sellers, decent prospects and – ultimately – sales.

BY FRAN MOLLOY

As most agents well know, real estate can be a very emotional business. Sometimes there is glamour, sometimes there is pathos, usually there is competition, often there is drama – and always, there is money. It's the kind of stuff that makes great television.

From *Grand Designs* to *Hot Property*, from *The Block* to *Selling Houses Australia*, the highs and lows and raw emotions of property sales have been captivating Australian television audiences for many years now.

How does an everyday, normal real estate agent manage to get a starring role on a property show? Or a front page interview in the real estate section of the newspaper? Or even their very own weekly radio show? And is it worth getting your face on TV? Does it actually generate sales? ►



“

Your name is in front of an audience of two million, rather than the local 15,000 and I think you do benefit, it does generate leads, people get to know who you are.”

Hot property

Bondi agent Mary Anne Cronin from Raine & Horne is quite the TV star these days, having appeared on *Hot Property*, *My Home* and both series of *The Block* on Channel Nine.

Her first television experience followed an impromptu film shoot with a TV crew that had suddenly appeared at an Open House she was running.

“The next thing you know, I was on *The Block*,” Mary Anne recalls. “It was lots of fun; we were the only Bondi agents and I wanted to capitalise on that so I organised a big media launch in the Block, before it had been revealed on TV, so it put me in the forefront of a lot of journalists’ minds at that time.”

After that, Mary Anne says different journalists often called on her to make comments on various issues.

The coverage dropped off after a while, until Mary Anne appeared again on the second series of *The Block*. “I had been quoted saying that *Block* one was the start of Bondi the super-brand, with *Bondi Rescue*, *Bondi Vet*, all those reality shows. The producers liked what I said and called me back for *Block* two.”

Mary Anne became entwined in the lives of *Block* contestants Brenton and Cheryl when Cheryl, a real estate agent from Melbourne, took a job with her in Bondi, then asked her to sell their property at the end of the show.

“It happened to be the worst auction night of my life and it was televised,” says Mary Anne. “But in the end I managed to get a very good result for them.”

Despite that challenging experience, Mary Anne believes media exposure has been good for her business.

“The time you invest doesn’t pay off directly money-wise. But your name is in front of an audience of two million rather than the local 15,000 and I think you do benefit, it does generate leads, people get to know who you are.”

But television isn’t for everyone, Mary Anne says, and unless you’re comfortable and able to be natural, it’s not worth doing. Instead, she suggests, concentrate on interviews for newspapers or try a video voice-over. “Find something that you are good at and use that for your media exposure.”



Going, going, gone

Auctioneer David Scholes says that plenty of agents want their five minutes of fame in front of the TV cameras but warns that live TV doesn’t make everyone look good, and can actually be quite risky.

David conducts around 1600 auctions a year with clients including some of Australia’s

largest companies and property agencies.

He’s also something of a TV veteran himself, having starred as the auctioneer on *The Block* in 2010 and making regular appearances on the *Your Money, Your Call* program on Sky News Business, as well as regularly being interviewed for stories published in the



Australian Financial Review and *The Australian* newspapers.

So why does he do it?

"If you can get involved as an expert adviser, it's unlikely to harm your business and will often give you some credibility. But you do run a very big risk of being taken out of context," David says.

Time is a valuable commodity, he adds – and media appearances cost lots of time without delivering measurable results in sales. "It's a bit like advertising, except you can't control it."

David says that he has knocked back a few television offers, particularly if they involve an on-site auction, where there is no certainty of what might happen.

"There's so much potential to lose control of the auction, I felt I ran a bigger risk of making a fool of myself than of making myself look good."

Making a comment on radio or for a newspaper article is less risky, he adds.

Radio real estate

Sandy Warburton is the Licensee for John Flood Real Estate in Muswellbrook and also appears as the real estate expert for the Hunter Valley AM radio station 2NM.

Sandy has hosted his own show each Saturday morning for around five years and says it's become a valuable lead generator.

The hour-long show is pre-recorded in the studio on Thursdays and Sandy supplies about 40 minutes of content between ad-breaks.

He runs through the Open Houses in the area, talks about the local market and about real estate news generally. He agrees that the show gives him a good opportunity to talk about his own properties. "In the final segment,

NEW MEDIA

Ewan Morton is the Principal of Morton and Morton, with five offices – four in Sydney and one in Brisbane. The company won the Independent Website category in the REINSW Awards for Excellence in 2010 and Morton took the plunge into social media about a year ago.

While he says it's still a little early to work out how much it has boosted sales, he's already seeing increased enquiries – and having a team of young agents who are familiar with social media really helps.

"Being involved in social media improves your search rankings on Google – we've increased the number of people coming to our website and the leads that we are generating."

Ewan decided to implement a social media strategy himself rather than employ a consultant. "It takes quite a bit of time to manage all of this. First thing in the morning, we check our emails, but now with Facebook and LinkedIn and Twitter on top of it, a lot of your time can be used in interacting and responding to messages, so you really need to think about the logistics of it all first."

Ewan writes a weekly blog and also manages the LinkedIn account for the firm, while other agents specialise in Facebook or Twitter.

"Once the weekly blog post is up, we load it to Facebook, LinkedIn and Twitter, and also include it in an email newsletter. Everything links to each other and it all drives back to the website."

I talk about our listings, or some property we want to feature at the time."

Sandy pays about the equivalent of a five-minute advertising spot in return for branding the show at the introduction and close of the program, but there's lots of scope for extra mentions, he explains.

"While giving generic advice I might also say, 'At John Flood Real Estate, this is what we do,'"

he says. In exchange for his time and expertise, he receives great coverage. "My listeners are all living in the local area, and some people will walk into an Open House or they might call to list their property and they tell me they have been listening to my show for years."

The radio show might not always get him the sale, but it gets him in the door, Sandy says. "It is certainly an outstanding prospecting tool for us." ♦



Benchmark your way to greater profit

Real Business First is a benchmarking tool that enables you to compare your financial performance and make profitable decisions.

The humble photocopier is usually seen as one of the most innocuous pieces of office equipment. It sits there in the corner – rarely complaining, doing its job.

But sometimes it can be the simplest things that cost your business money, and reduce your bottom line. And the ever-diligent photocopier could be one of the culprits.

Michael Sheargold, founder and CEO of the Real Estate Results Network (RERN) – a collection

of some of Australia and New Zealand's leading independent agencies – recalls hearing a story about a client who discovered an unusually high photocopying bill.

“He was paying about \$5000 a month in bills because the settings on his machine defaulted to colour, instead of black and white,” says Michael.

“He changed the settings and the bill dropped to \$1000-1200. “It had a big impact on his copying costs but no impact at

all on the performance of his business.”

The anomaly was discovered because the client was able to compare his costs with other agencies of the same size through the use of Real Business First, a benchmarking software tool developed by Deloitte in association with REINSW.

Michael recently brought Real Business First into his network and expects to see many of his clients' businesses increase their profits as a result.

“We wanted to improve the quality of the benchmarking we were doing as a group and to give us the ability to compare similar-sized agencies,” he explains. “It's difficult to compare a \$2 million agency with a \$10 million agency.

“But with Real Business First, we're able to benchmark both within the network and the broader Real Business First system.

“You can, for example, compare your agency with other agencies

The big question for Principals to ask is will this impact my bottom line? It won't turn over another sale but it will make you run a better business.

in your city, or with agencies in other capital cities, or with agencies that are generating the same turnover."

Profits count

Michael says it's an ongoing dilemma for agency Principals to really get a handle on how their business is performing in terms of profit and loss. "Are we paying too much or too little for things? How many administration people should we have access to?"

But, he adds, it's important that Principals don't neglect this part of their role. "There are a lot of agents who are so caught up in the business that they are not devoting the time to working on the business," he says.

"The feedback I've had so far is that it has really assisted in lifting profit performance. I see agencies that have good revenue but the profits are not that good. They might be making a lot of money but when they sit down with their accountant, they ask, 'well, where is it?'"

"That's the kind of process that Real Business First can start to unlock."

John Cunningham, Principal of Cunninghams Property on Sydney's northern beaches and a member of RERN, is a Real Business First devotee. He says there has been a real need for a benchmarking tool like Real Business First within the real estate industry.

"In the past, real estate businesses were just small businesses run by salesmen," he says. "The big change is they are now being treated as businesses and this is where Real Business First can be a great help because, without benchmarking, you're going in blind."

"The big question for Principals to ask is will this impact my bottom line? It won't turn over another sale but it will make you run a better business."

"You can look at your profit and loss compared to other similar agencies and ask, Why is my wages bill so high? Why are my advertising expenses so high? Why are my printing costs so high? What am I doing wrong?" ♦

To find out more about Real Business First, go to www.realbusinessfirst.com or call REINSW on (02) 9264 2343.

HOW IT WORKS

- 1 Install Real Business First on your computer via an easy set-up wizard process.
- 2 Once set up, Real Business First will automatically retrieve most monthly information stored in supported business accounting software packages. The figures are private – no one else can tell they came from you.
- 3 Compare your accounts to those anonymous agencies of a similar size.
- 4 Use the 'What if' control to determine the savings – and thus extra profits – that can be made by tweaking spending in particular areas of the business.
- 5 Watch your bottom line grow!



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Gail Williams, Managing Director

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TRADING REFERENCE AUSTRALIA (TRA) IS A NATIONAL DATABASE RELATING TO RESIDENTIAL AND COMMERCIAL RENTAL INFORMATION USED BY REAL ESTATE AGENTS AROUND AUSTRALIA.



BY DOUGLAS DRISCOLL

Expert assistance

Outsourcing specialised tasks to experts is a cost-effective strategy that leaves you free to focus on deals.

In these busy days, can you afford to spend your time on tasks not directly related to listings?

A common business mistake within our industry is attempting to be a jack-of-all-trades, to manage all the tasks that come with running a business, rather than focusing on what you are good at. It would be more beneficial to concentrate your time, effort and energy on achieving more sales – and higher profits.

My time within the industry has highlighted the effectiveness of focusing your energy on your areas of expertise, and calling on professional help with other tasks. This can be done either

by outsourcing or by hiring professionals inhouse. Having a qualified person working internally on your marketing, advertising and communications can be just as effective as outsourcing, however most agents don't have the funds to pay for somebody who is as qualified as a professional working for an external agency. Outsourcing can be cost effective and save a lot of time.

For instance, at Starr Partners we recruit the services of some of Sydney's finest marketers, graphic designers, web designers and so on. All of these jobs are not directly related to our profession, and external professionals do a better job.

Each office is free to focus on sales, and the other tasks, which are still important, do not fall in the lap of a junior who is not really qualified to perform them.

I have seen great results based on the decision to turn to professional help, and we believe it is one of the most important benefits of belonging to a real estate group, which has the ability to bring on the very best professionals to help with these tasks.

Of course, independent agents will benefit just as much from outsourcing and should consider it as a key business strategy.

Outsourcing essentials

In my experience, both in the

Australian market and in the UK, the most important tasks agents can outsource are:

- Communications and public relations: Hiring professionals to create press releases and prepare copy can ensure you achieve more column inches and grow awareness of your business.
- Marketing: Similarly, a marketing professional will have a clearer idea of how you can effectively market your business. They can help you to grow awareness of your office with "out of the box" strategies you don't have the time to create. This can lead to greater awareness of your business within the community.





- **Graphics:** A qualified designer will create the right branding for your business. Bear in mind that your customers are more switched on to branding than ever before and will appreciate the professional touch. Remember, perception is as important as reality.
- **Signage:** This is one of those tasks that takes up valuable hours. It is worth spending the money to have someone else do the job quickly and efficiently.
- **Web development:** Having access to a fully-developed website is essential to all real estate offices, but many agents do not have a thorough understanding of the

internet, and certainly not web development. A professional can develop a more streamlined and user-friendly site that will bring more new customers to your business.

Outsource and save

In *The 4-Hour Workweek*, Timothy Ferriss writes there is virtually no limit to what you can outsource – from your banking to sending notes to your better half. While you may not be quite ready to go to such extremes, Timothy certainly highlights the possibilities for anybody to outsource tasks.

It is true that hiring professionals costs money. You may look at their quote and think, I could do that myself. But the question

is not could I do it, but could I do the job as well as the professional, and what other tasks would I be sacrificing?

Your customers are more and more media savvy and they expect a lot from your business. You don't have the time or the training to get immersed in these jobs. If you spend the money on taking care of these essential services, you will find you have more time to focus on your own areas of expertise. Concentrating on this will lead you to greater profits in the long run. ♦

Douglas Driscoll is the Chief Executive of Starr Partners, which is the largest and oldest real estate franchise in Greater Western Sydney.

6

TOP TIPS FOR OUTSOURCING

- 1 Be prepared to spend more to hire a higher standard of professional – the results for your business will more than offset the slightly higher initial cost.
- 2 Start as soon as possible.
- 3 Have a clear brief and objectives so they know what they are working on.
- 4 Give your agency or professional time to get to know your business and achieve the best results.
- 5 Leave the professionals to do their own work – you can't micromanage.
- 6 You only have one pair of hands, so use them for your own craft.

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keep learning



Gain some vital new skills

A new range of courses available through REINSW Education & Training will equip you with some important business skills.

REINSW Education & Training's primary role is the provision of industry-specific training for its members and the industry. A key component of our training is directly linked to ever-changing legislation, which drives many of our business requirements. We are constantly seeking input and feedback from our members in developing and providing up to date and relevant training.

But what about the career skills everyone needs outside of the specific industry expertise of our roles?

We all know there is much to learn in real estate in terms of running a business, managing a team or being part of a team. We all need fundamentals in business and people skills on a day-to-day basis to assist us in team and client engagement, customer service or communication.

These things are crucial in growing an individual's skill and performance levels and in adding value to a business's effectiveness and efficiency.



REINSW Education & Training is taking the next step to broaden its training offering beyond our traditional real estate related topics. Have you ever taken a moment to reflect on how engaging you or your team is on the phone? Do you collect the right information and create the foundations of what could be a future advocate of your business? Why not try our new *Telephone techniques* course?

Perhaps you've found yourself juggling appointments for inspections, sales calls, client negotiations or document deadlines and wondered if there was an easier way to manage your time or tips to help you along the way. Our new *Using Outlook 2007 more effectively* course and our new *Excel tips* course offer the perfect solutions.

If you've ever felt cold chills going into a potentially tricky

situation and wished you had a few techniques to help you along the way, then our new *Dealing with challenging situations* course will provide you with some pertinent skills.

These are just a few of our new career skills course offerings. Keep an eye on the Education & Training space in the coming months for new courses, which are: **Current, Accessible, Relevant, Effective, Efficient, Real.**

REINSW Training Calendar

JUNE/JULY 2011

JUNE 2011

MON	TUE	WED	THU	FRI	SAT	SUN
		1	2	3	4	5
		SYDNEY CPD Winning listings and vendor paid advertising (10.00am-12.00pm)	ORANGE CPD Compliance essentials (9.00am-1.00pm)	COWRA CPD Compliance essentials (9.00am-1.00pm)		
		SYDNEY CPD Double your rent roll (1.00pm-3.00pm)				
		BATHURST CPD Compliance essentials (9.00am-1.00pm)				
6	7	8	9	10	11	12
SYDNEY Real Estate Licensing Course (full time) – Week 5 Client and Agency Communication – 5 days						
	SYDNEY CPD Essential OH&S for property managers (9.30am-1.30pm)	BEGA CPD Compliance essentials (9.00am-1.00pm)	BANKSTOWN CPD Prepare for selling like never before (9.00am-1.00pm)			
	BATEMANS BAY CPD Compliance essentials (9.00am-1.00pm)					
13	14	15	16	17	18	19
PUBLIC HOLIDAY	SYDNEY Auctioneers Accreditation – 3 days (9.30am-4.30pm)					
	SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)					
	SYDNEY CPD Prepare for selling like never before (9.30am-1.30pm)	ALBURY CPD Compliance essentials (9.00am-1.00pm)	WAGGA WAGGA CPD Compliance essentials (9.00am-1.00pm)	GRIFFITH CPD Compliance essentials (9.00am-1.00pm)		
20	21	22	23	24	25	26
CANBERRA Certificate of Registration (full time) – 5 days (9.00am-5.00pm)						
	SYDNEY CPD Mastering retail leases (9.30am-1.30pm)	SYDNEY Communication and dealing with challenging situations (9.00am-4.00pm)	DEE WHY CPD Prepare for selling like never before (9.00am-1.00pm)	DUBBO CPD Compliance essentials (9.00am-1.00pm)		
	GOULBURN CPD Compliance essentials (9.00am-1.00pm)	NOWRA CPD Compliance essentials (9.00am-1.00pm)	SYDNEY All About Auctions Forum (10.00am-12.00pm)			
27	28	29	30	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.		
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)						
	SYDNEY CPD An agent's guide to tax and property investment (9.30am-1.30pm)	COFFS HARBOUR CPD Compliance essentials (9.00am-1.00pm)	PORT MACQUARIE CPD Compliance essentials (9.00am-1.00pm)			
	LISMORE CPD Compliance essentials (9.00am-1.00pm)		SYDNEY Young Agents bowls night (4.00pm-8.00pm)			

JULY 2011

MON	TUE	WED	THU	FRI	SAT	SUN
<div> <div>CPD workshops – go to www.reinsw.com.au for course descriptions and prices</div> <div>Course in Property Practice (full and part time as indicated). Price includes REINSW Student Membership</div> <div>Licensing Course (full and part time as indicated)</div> <div>Forums and Divisional meetings</div> </div>				1 TERM 2 ENDS	2 ORANA Novice Auctioneers Competition	3
4	5 SYDNEY CPD The ABC of compliance (9.30am-1.30pm)	6 SYDNEY Real Estate Licensing Course (part time) commences	7 SYDNEY Real Estate Licensing Course (part time) continues WOLLONGONG CPD Prepare for selling like never before (9.00am-1.00pm)	8	9	10
11	12	13 SYDNEY Real Estate Licensing Course (part time) continues	14 SYDNEY Real Estate Licensing Course (part time) continues	15	16	17
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)						
	SYDNEY CPD Prepare for selling like never before (9.30am-1.30pm)		PENRITH CPD Creating impact and influence (9.00am-1.00pm)			
18 TERM 3 STARTS	19	20 SYDNEY Real Estate Licensing Course (part time) continues	21 SYDNEY Real Estate Licensing Course (part time) continues	22	23	24
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)						
	SYDNEY CPD An agent's guide to tax and property investment (9.30am-1.30pm)	FORBES CPD The ABC of compliance (9.00am-1.00pm)	BATHURST CPD The ABC of compliance (9.00am-1.00pm)			
	DUBBO CPD The ABC of compliance (9.00am-1.00pm)	SYDNEY Property Management Forum (3.00pm-5.00pm)	PARRAMATTA Property Management Forum (3.00pm-5.00pm)			
25	26	27 SYDNEY Real Estate Licensing Course (part time) continues	28 SYDNEY Real Estate Licensing Course (part time) continues	29	30	31
SYDNEY Course in Property Practice (full time) – 4 days (9.00am-5.00pm)						
	SYDNEY CPD Creating impact and influence (9.30am-1.30pm)	NORTHERN BEACHES Novice Auctioneers Competition				

NOVICE AUCTIONEERS COMPETITION

Calling all budding auctioneers! If you've ever thought you might like to try your hand at the fine art of auctioneering, why not give it a go? You might just find that you have an exciting new career on your hands. Save the dates!

Orana Division 2 July 2011
Northern Beaches Division 27 July 2011
Central Coast Division 10 August 2011
Riverina Division 18 August 2011
New England Division 24 August 2011
Illawarra Division 26 August 2011
East Division 29 August 2011
Inner West Division 8 September 2011
Albury Division 16 September 2011
St George & Sutherland Shire Division 20 September 2011
Nepean, Hawkesbury, Blue Mountains Division and Parramatta & Hills Division 25 October 2011
Murrumbidgee Division to be confirmed
Newcastle & Hunter Division to be confirmed
North West Division to be confirmed

Don't see your Division? You can still enter by participating in the competition in another Division. To find out how to enter a Divisional competition, email divisions@reinsw.com.au

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The course also looks at tools to help you cope with challenging situations.

By the end of this course you will be able to:

- Understand the key elements of communication and how to use them
- Manage your own and others' perceptions
- Generally communicate more effectively
- Manage strong emotions in challenging situations
- Defuse challenging situations

For more information go to www.reinsw.com.au

Sydney Wednesday, 22 June 2011

Cost \$245 REINSW members / \$299 Non-members



TRAINER OF THE MONTH ROBERT JURY

With more than 30 years experience as a professional auctioneer, Bob Jury is a true auctioneering guru.

Bob is a licensed real estate agent and an accredited auctioneer. He is very highly regarded throughout the industry, having conducted more than 20,000 auctions throughout his career.

While auction sales and marketing are his areas of specialty, Bob is also a licensed business agent, stock and station agent, and strata manager. As a result of his broad experience, Bob's depth of knowledge is second to none. The commitment and enthusiasm he brings to the classroom is evidence of his passion for the industry.

Still actively involved in sales and auctions, Bob's ongoing practical experience means he understands the issues facing real estate agents out in the field. He has also been the proprietor of a small business for several years and, consequently, his students benefit greatly from his insights.

PREPARE FOR SELLING LIKE NEVER BEFORE

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.

Bankstown 9 June 2011
Sydney 14 June 2011
Dee Why 23 June 2011
Wollongong 7 July 2011
Sydney 12 July 2011

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

CPD 12 points (Learning Category 3)

COMPLIANCE ESSENTIALS

Would your agency pass a compliance audit by NSW Fair Trading? Hear practical solutions for agency success and find out how to meet industry best practice.

Bathurst 1 June 2011
Orange 2 June 2011
Cowra 3 June 2011
Batemans Bay 7 June 2011
Bega 8 June 2011
Albury 15 June 2011
Wagga Wagga 16 June 2011
Griffith 17 June 2011
Goulburn 21 June 2011
Nowra 22 June 2011
Dubbo 24 June 2011
Lismore 28 June 2011
Coffs Harbour 29 June 2011
Port Macquarie 30 June 2011

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BY ANDREW LUTZE

Young gun

The first few years of any young agent's career are vital but success only comes with hard work, perseverance, vision and strong mentorship.

Real estate wasn't my first career option when I left school. I had enrolled at university to study nursing, but after I returned home from a gap year overseas one of my friends was working as a property manager and when he told me about it I thought: It beats going to uni!

I enrolled in a real estate course at TAFE, but I didn't want to give up playing rugby so I took a nine-to-five job at an insurance company.

I only lasted six months. I gave up rugby and took a job at Cunninghams Property as an office cadet, where I proceeded to learn everything from the bottom up.

I was 19 and it was great because I really did get to see all of the different facets of the business and the experience was very educational – it's a learning game and you can't think you know everything off the bat.

Mentorship works

After my first two years, I went on to be mentored by John Cunningham as his sales assistant and I shadowed him for the next two years. I learned the ins and outs of sales, about negotiating techniques, and that set me up for my career.



NEW RULES

When I first started in the industry, it was dominated by an older crowd and people did what they had always done.

Now, there's a lot more emphasis on training, and technology has changed a lot,

but the essence is still about people. A bit of laziness has come in due to the use of social media but I still like to use the phone and maintain that personal contact.

Emails and texts are good, but you do still need to have those face-to-face meetings.

There is a pretty big problem with burnout in the industry, especially for young agents. Of those who completed the same course that I did, I think about 90 per cent of them left the industry after the first four years – and that's a pretty big number. But it's not a job that suits everyone.

There's a bit of a changing of the guard going on at the moment and the young people coming into the industry are

well-trained and have good education, but you can't beat on-the-job training and that's what you learn when you are being mentored. You need at least three years of mentoring and it was probably the most important thing for me.

A lot of young agents glamorise the industry and take the Wall Street approach. I have no problem with that, but we'll see how many of them last.

You have to be able to sell yourself before you sell your product – if you're not 'real' it won't work. And it's not just about flogging real estate. You have to have a passion for it and success is not just measured by income.

It's not an easy job, it's not a normal nine-to-five career and it can consume you. You definitely need to have a thick skin but, as they say, the more noes you get, the closer you are to getting a yes. I was the youngest person in my office by 14 years and I was competing against all of these well-established agents so I had to grow up very quickly otherwise I'd be left behind.

Ups and downs

When John released me and sent me out into the world, I lost my first seven listings appointments. I was devastated and I thought I must be doing something wrong. Maybe I wanted to talk too much and I wasn't listening to my clients.

So, I went back and did some role-playing – role-playing the listings presentations and objections from clients. After that, I won my next 15 appointments. You have to get used to the ups and downs of the business, the peaks

and troughs. It can be very euphoric because the highs are very high.

There have been some struggles. After the first three years, I reached a point in my career where I thought I'd been around long enough to know everything. I was confident, was making some listings and sales and a good income.

And then I caught the foot-in-mouth disease where you're not saying the right things at the right time and you're losing business over it.

Setting goals is pretty vital. You have to have a plan. You can't set your goals too high, they have to be realistic, so I always look for a 20-30 per cent improvement over the previous year's performance, which I think is a nice target.

Sage advice

The other thing that has really helped me was becoming an accredited auctioneer. That has been a great confidence booster. Getting up in front of people doing charity auctions is not only great fun but a fantastic way of gaining some new skills.

I'd advise any young agent who has an interest or talent in auctioneering to pursue it.

I'd also advise young agents to attend the relevant REINSW training courses and to really get to know all of their local competition. Sit down and have a chat with them – it will be a vital help to you in getting to know all aspects of the business.

You have to create your own style but you also want to mould yourself on successful people you look up to. You have to be

motivated. You may make 300-500 calls and not see the results from them for six months. But if you have some structure to your work you can succeed.

Ultimately, I'd like to be at the forefront of agents on Sydney's lower northern beaches. I'd also like to make \$1.2 million in gross fees. When I first started nine years ago, I made \$280,000 in gross fees, so that's a nice arc. ♦

Andrew Lutze is a licensed real estate agent and an accredited auctioneer.

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Your personal navigator

GPS technology means no agent ever needs to run late for an appointment. Here are five good reasons to throw out the old street directory.

Navigating bustling city streets or winding country roads is a core requirement for real estate professionals in NSW. Open House inspections in metropolitan areas especially can often be nestled in an entanglement of one-way lanes, cul-de-sacs and poorly signposted streets.

With the introduction of Global Positioning Systems (GPS) and integrated navigation tools on most high-capacity smartphones, it's difficult to imagine how agents functioned without them.

Piers van Hamburg, Director of McGrath Neutral Bay, professes how much easier things are with the aid of iPads, tablets, mobiles and GPS technology. "When I started out, we didn't even have mobile phones. We had to rely on people leaving messages on our landline in the office," he says.

Fast-forward to just over a decade later, and Piers never leaves his office without a mobile, iPad and, of course,

an inbuilt GPS system in his car. Like most city sales agents, Piers has up to eight Open House inspections every weekend. Although he's worked in the area for quite some time, the narrow, winding streets of Sydney's picturesque Lower North Shore are much easier to navigate using GPS technology.

Phone or GPS?

The major difference between a mobile phone navigational system and a dedicated GPS is the internet connection. "Most GPS units have a built-in database of street names and landmarks, whereas mobiles have a constant internet connection, allowing you to access live traffic reports, points of interest and up-to-date venue names and locations," says Joseph Hanlon, Associate Editor of gadget website cnet.com.au. Of course, dedicated units have a more reliable battery life and a faster processor than a mobile. The dedicated unit also has the capacity to charter itineraries with several destination points – ideal for agents juggling several different inspections. ♦



Garmin nuvi 3790T

Launched in 2010, Garmin's nuvi 3790T is the Rolls-Royce of GPS units. Praised for its impossibly thin design and all-glass display, the nuvi 3000 series is made with aluminum and the same touchscreen technology used in smartphones. With dual landscape/portrait orientation,

it can be used in the car and on foot. The nuvi 3790T also boasts an intuitive voice recognition system that translates text to speech and receives voice commands from the driver – protecting the glossy display from unsightly fingerprints and smudges.

Price: \$549.00

TomTom iPhone Application 1.4 (Australia)

Unsurprisingly, one of the most popular global positioning systems is the TomTom application for iPhones. For less than \$100, iPhone devotees can access turn-by-turn navigation and the benefits of a dedicated system without the cumbersome addition of hardware. The optional TomTom car kit also provides a dock to secure your iPhone on the dashboard while you drive, which will also charge the phone battery and play music through the car stereo. **Price:** exclusively available in iTunes for \$89.99





HTC Desire HD

This light and portable smartphone features all the usual suspects: an 8-megapixel camera and video recorder, Bluetooth, rechargeable Lithium battery, and an internal GPS antenna. The HTC Desire HD is best known for viewing maps with zero wait time. The navigation tools also feature a really useful 'Footprints' widget, which allows you to bookmark your favourite locations.

Price: available on plans through Vodafone and 3; or \$829 outright.



Samsung Galaxy S

Criticised for its uncanny resemblance to a certain rival smartphone empire, the Samsung Galaxy S is still a highly sophisticated piece of technology. Like the HTC Desire, iPhone and Google Nexus 1, the phone comes equipped with free access to Google Maps and satellite navigation system.

Price: available on plans through Optus, Virgin, 3 and Vodafone; or \$849 outright.



TomTom Start 10

At the other end of the budget is TomTom's Start 10: a simple yet effective unit that will get you from A to B. It may not have the more highbrow features, such as hands-free Bluetooth, traffic updates and vocal recognition, but

the Start 10 is affordable even for the most junior sales agents. "If you know exactly what you're going to use it for and you don't need the extra features, it's definitely worth considering a cheaper unit," explains Joseph.

Price: \$179.00

TOP TIPS FOR BUYING A GPS

Joseph Hanlon, Associate Editor of cnet.com.au, recommends asking the following questions when selecting a GPS:

1. Is the display big, bright and clear enough to be seen at arm's length?
2. Does it have turn-by-turn directions?
3. Is the keyboard a standard QWERTY format?

Don't just rely on pictures on the internet – drop into your local electronics store to play around with the devices. The comfort and usability of a GPS is very much a personal issue, as different keyboard sizes will suit different hands.

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When a courtroom victory costs you money

Having to fight a claim in court can be a costly and time-consuming experience – even if you are the victor.

A recent damages case against a landlord and agent heard before the NSW Local Court has highlighted the need for all agencies to carry professional indemnity insurance as protection against potentially costly legal action, disruption to your business and damage to your reputation as an agent.

In the case, tenants at an apartment complex in the Sydney suburb of Rozelle sought a damages claim against the property owner and managing agents because they alleged building work on the complex had deprived them of their right to “quiet and peaceful” occupation of the unit.

The damages claim totalled more than \$26,000, which was made up of removalist and cleaning bills, rent paid over the disputed four-month period, loss of productivity, fees and interest.

“Although the claim amount does not seem significant, the matter was incapable of settlement and the proceedings were ultimately listed for hearing over four days,” says Nancy Rainbird, Realcover Manager Claims, Compliance & Risk.

“The plaintiffs lost the action and were ordered to pay the costs of both defendants on an indemnity basis. Realcover was determined to fight the



action and ensure the agent’s reputation was not put at risk.

“If costs are awarded on an indemnity basis, the amount is determined by taking into account all costs reasonably incurred and of a reasonable amount, meaning the unsuccessful party may need to pay up to 90-95 per cent of the fees and costs incurred by the successful party.”

The defendants compiled legal bills of more than \$70,000 fighting the action and more money will need to be spent pursuing the costs order. However, Nancy explains that the money may never be recovered as the plaintiffs may

“The agent’s liability rests with paying their excess (in this case \$5,000) and Realcover meets the rest.”

have insufficient funds to pay the combined costs of both their own and the defendants’ lawyers and barristers.

“In effect, the victory may end up being hollow,” she says.

“The agent’s liability rests with paying their excess (in this case \$5,000) and Realcover meets the rest.

“However, they had to take a fair bit of time out of their business to attend to preparing witness statements, attendance at court, and going through business

records. The only winners here are the lawyers.” ♦

Obtain a no-obligation quote from Realcover by calling 1800 988 396. REINSW members receive a 25 per cent discount off Realcover’s standard professional indemnity insurance rates in NSW. For more information, go to www.realcover.com.au*

* Standard underwriting and pricing criteria will apply in assessing the risk such as claims and type of real estate activity.

When disaster strikes

NSW is no stranger to the destructive forces of floods, bushfires and even earthquakes. What can real estate agents do to minimise the effect of natural disasters on their businesses?



Lismore in the far north of the state is renowned for being one of our most flood-prone cities, with two or three minor floods a year. However, LJ Hooker Lismore franchise owner Paul Deegan says this reputation has more of an effect on the property market than higher water levels do these days.

“Every time we’ve had rain, the warnings have been over the top,” he says. “The biggest effect

of flooding is it puts doubt in people’s minds about the value of properties, but damage from floods has diminished in recent years. The water can be up and down within 24 hours.”

Since major flooding in 1974 when waters rose to a height of 12.1 metres, State Government assistance has seen many houses raised up, while a levee was completed in 2005 in time to save the city from another inundation.

Paul says one of the biggest obstacles facing buyers is that banks won’t lend as much for properties in “flood postcodes”, even if the property is not low-lying. This can present real estate agents with an important role to play.

“I’ve had to ring lending institutions about properties that are well above flood-prone areas,” he says. “But information about which properties are flood prone

is readily available and we’re now extremely well prepared.”

Recent floods in Northern NSW saw the Clarence River threaten Grafton, but the town’s levee ensured the residential area was protected. The larger impact is on rural land and flooding takes properties off the market for a season until pasture growth can be re-established, says Elders Grafton Rural Sales Manager Stanley Pitkin.

However, floods also give the land much of its value, a fact that needs to be communicated to prospective buyers. “Most people ask about flooding, but it’s a chance to talk about how flooding creates those alluvial soils that enrich the land. Buyers see the benefit of that,” Stanley says. “The best and most arable land is on the flood plains.”

One recent Elders customer moved to a property on the Orara River near Grafton after enduring seven years of drought in Deniliquin. “Since moving to Grafton, he has experienced seven floods in 18 months, but every time he comes into town he has a smile on his face.”

Fire alarm

No such positives exist when real estate agents are called on to address concerns about bushfires. John Pye, Principal of John Pye Real Estate which operates in the bushy suburbs of Sydney’s northern outskirts, says there is very little an agent can do about the slowdown caused by a fire apart from tweaking the message of its advertising.

“Backing on to bushland is a real feature of a property, but after a fire you’d at least not make a headline out of it,” he admits. “Instead, you wait until they’re at the property and then talk about the benefits of living near the bush.”

Pye says natural disasters cause the market to “shrivel up”, but adds that “a vendor won’t drop the price of a house by \$50,000 just because there has been a bushfire”. Instead, the biggest effect of bushfire is short-term slowdown. “But anything

abnormal to a great degree will put off the market. When the Twin Towers went down in 2001 the market went quiet for a couple of weeks.”

He adds that agents can also emphasise the “brilliant job” local bush fire brigades do in managing the bush, and talk about the council regulations that help minimise the risk of property damage. Indeed, Pye insists far more houses are lost to internal fires than bushfires.

It’s a sentiment echoed by Brian Hardy, Sales Manager at Theo Poulos Real Estate, which has operated in the Blue Mountains for 50 years. “We’ve lost very few homes since the 1957 fires hit Leura. Far more people are killed on the Great Western Highway than by bushfires.”

He adds everywhere from Lithgow to Penrith in Sydney’s west is classified as bushfire-prone so people already know the risks. Consequently, while business slows down as a result of bushfires, there is little effect on property prices.

Instead, Hardy says it is a waiting game, requiring agents to plan for slower activity just as they would in an economic downturn. “Any good business plans for ups and downs and bad years.

“Blackened trees do turn people off, but within a few months they tend to forget. Summer is normally a slower period anyway in the Blue Mountains because everyone is thinking about the beach. And by the time winter comes around, things are moving along like normal.” ♦



A TALE OF WOE

Floods, fires and earthquakes present a very real threat to New South Wales residents and properties. Here are some of the most damaging of the past 60 years:

- The Hunter Valley floods of February 1955 killed 25 as waters washed away 58 homes and destroyed 103. Maitland alone saw water enter 2180 homes.
- The Chatsbury bushfire of March 1965 destroyed Tallong and Wingello in the Southern Highlands, taking 59 homes and killing three people.
- The Newcastle earthquake of 28 December 1989 was the most destructive recorded in Australia, killing 13 and damaging over 50,000 buildings.
- Christmas 1994 brought more than 80 separate fires to the east coast of NSW, killing four people and burning more than 8000 square kilometres of land. The fires destroyed 225 homes, including 101 in the southern Sydney suburbs of Jannali and Como West.
- The Hunter Valley storms of 2007 brought extensive property damage, nine fatalities, and even beached the bulk carrier, the *Pascha Bulker* on Newcastle’s Nobbys Beach.
- The Black Christmas bushfires of 2001/02 saw 3000 square kilometres burnt and 121 homes destroyed, mostly in the lower Blue Mountains and west of the Royal National Park.

Big changes in the Sydney pub market

With fire sales caused by the after effects of the GFC, Sydney's metropolitan hotel landscape is undergoing a significant shift.



There's a one-sided battle being waged on the streets of some of Sydney's most image-conscious inner city suburbs.

The clear winners are some high profile, cashed-up companies that are buying some of the city's traditional watering holes with the aim of transforming them into stylish, food-oriented pubs in line with changing inner city demographics. The losers are the pub investors who overextended themselves

pre-GFC and have been forced to sell at bargain basement prices, often with painful multi-million dollar losses.

At the same time, a number of new smaller, boutique wine bar style establishments are opening, modelled on Melbourne's quaint and successful laneway bar scene.

Pub bargains

At the bigger end of the pub business, Merivale Group and Keystone Hospitality – the

family empires run by dynastic rivals Justin Hemmes and Fraser Short, respectively – are making the major moves, while a consortium formed by businessman John Singleton is also starting to buy heavily discounted pubs.

Merivale has taken ownership of two iconic Surry Hills pubs in the past 12 months – the Beresford, for \$14.5 million, and more recently, the Excelsior, for a bargain \$4.5 million. They add to

Merivale's stable of hip inner city pubs that includes The Ivy, The Establishment, and the Slip Inn.

Keystone has also made strong inroads into the inner city, operating current Surry Hills hotspot The Winery, as well as Kings Cross establishments Sugarmill and The Gazebo, plus King St Wharf fixtures Cargo Bar, Bungalow 8 and The Loft. Rumours in the hotel industry suggest another Surry Hills bar may soon be on the way to maintain supremacy in the area.

The Singleton consortium has bought Darlinghurst icon Kinsellas, Paddington's Bellevue Hotel and the Peakhurst Inn, in southern Sydney.

For the buyers currently in the market, it's all about timing and opportunity.

"Pubs have come off a bit," says Tom Speakman from Gunning Commercial. "If you look back three or four years ago, they were still fetching enormous prices but over the last 18-24 months some of the larger companies have gone into administration.

"The Beresford was bought by its previous owners for \$20 million and they spent \$20 million refurbishing it. It was sold for just over \$14 million, incurring a loss of

close to \$30 million. The Oxford sold for \$8 million or \$9 million and it was purchased for a lot more than that."

Corner turned

Joel Fisher, of CB Richard Ellis, says a number of factors have combined to send pub prices plummeting.

"The market has come off its high point of early 2008 because it has been hit by the GFC and the 2007 smoking bans," he says. "Yields have drifted and values have come right off. There have been a lot of distress sales and hotels are being put into the hands of receivers and the banks."

However, the flurry of recent activity is being seen as a positive sign within the hotel broking industry.

"I'm starting to see signs that we are turning the corner," says Joel. "There have been some fairly big transactions this year – for example, Mansions Hotel in Kings Cross sold for \$16.75 million, PJ Gallaghers in Parramatta sold for \$19.4 million, and Sydney's Criterion Hotel traded for \$12.5 million.

"Prices are still depressed but we're seeing a turnover of stock. When that happens, we will eventually start to see a rise in prices."

The areas of most activity are on the fringes of the CBD – suburbs like Surry Hills, Darlinghurst, King Cross, Redfern and Erskineville.

"Buyers see these areas as great spots to own pubs," says Joel. "They are the sort of places

where people have disposable income, they're renting, single and they can walk to pubs for a night out or a meal."

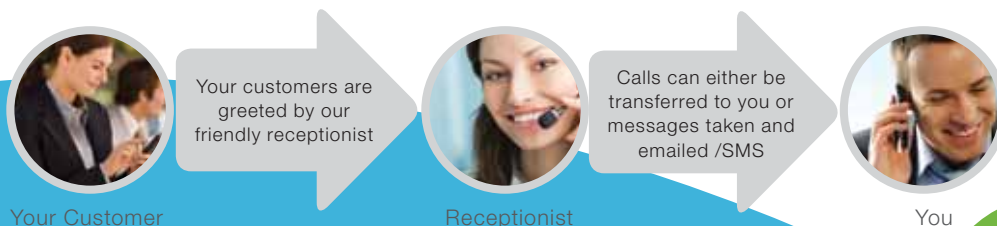
The 'superpub' brands being established by companies like Merivale and Keystone are having a huge impact on the hotel business, according to Tom Speakman.

"They are really transforming Surry Hills," he says. "The Beresford was a lucky purchase for Merivale – right place, right time – but Keystone has transformed Crown Street.

"It's changed a lot and changed for the better. There are a lot more venues for people to go to, it's not just Kings Cross or the local pub anymore, and they have created really nice environments." ♦

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Handle with care: the return of the first homebuyer

Anecdotal evidence suggests that first homebuyers are returning to the marketplace. How do they differ from other buyers?

On a recent Saturday, Barry Hudson of Ray White was showing a young couple an apartment on his patch in Sydney's Hornsby district. They were first homebuyers and very keen to get their foot in a market that is moving quickly, in terms of price.

"They were looking for a unit around the \$470,000 mark, they saw one I was showing, they liked it and they wanted to put in an offer," recalls Barry, who is a veteran of the Hornsby apartment market, which has been a favourite with first homebuyers in recent years.

"When I began chatting with them, I discovered they hadn't even started talking to their bank yet.

"While I told them I wouldn't dismiss their offer, I also had to let them know it probably wouldn't be treated with any seriousness by the vendor. They hadn't done any of the pre-purchase planning that

most buyers complete as a matter of course."

Welcome to the world of the first homebuyer!

After a lull in 2010 following the end of the First Home Owner's Boost, evidence suggests that first time property purchasers will be back in the market in significant numbers this year, encouraged into action by stable interest rates, and the desire to escape both rising rents and house prices.

For agents, the first homebuyer presents some unique challenges. Despite a plethora of information in the marketplace about the processes involved in the purchase of a home, many first homebuyers show up at Open Houses armed with only a dream.

"They normally need a bit of help with finance," says Justin Ferguson, of Justin Ferguson Property Specialists in Cammeray, on Sydney's Lower

North Shore. "It's important that when they come to us, we qualify them as a buyer, so I always give them the names of two or three mortgage brokers and get them to organise their finances.

"Quite often I also find that they are very naïve in relation to the length of time it takes to get those things organised."

Justin says he has seen first homebuyers returning in good numbers to the Lower North Shore apartment market this year. "The largest factor is increasing rents," he says. "Rents in this area have risen substantially and there's a lot of confidence again in investing." His advice to first homebuyers is simple.

"I advise them to focus on no more than two or three suburbs," says Justin. "I suggest they do their homework, to have a real understanding of the market. Have a talk to a mortgage

TIPS FOR DEALING WITH FIRST HOMEBUYERS

1. Advice

Do they have their finance sorted? Are they educated about the buying process? Are they knowledgeable about the area in which they're looking?

2. Be patient

They will ask lots of questions, they may return for numerous inspections, and they'll bring their mums and dads!

3. Don't underestimate them

Many come to the marketplace having done their homework and they are prepared to negotiate hard.

broker so when something comes up, they're ready to go."

But not all first homebuyers come into the market naïve and underprepared. Frank Mazzotta, from PRD Nationwide Bexley, in Sydney's south, says his job is made a little harder by the fact that most of the first homebuyers he sees are now so knowledgeable.

"Everything is available to them on the internet these days," he says. "They go on to Google and research the property they're interested in very thoroughly and they will find everything they can about it. They're neither impulsive



nor emotional, and they are prepared to search for several months to find the place that's right for them.

"And they are also prepared to negotiate quite hard. For example we have a four-bedroom duplex on the market for \$579,000, which has attracted quite a bit of first homebuyer interest and none of the buyers I've spoken to want to go higher than \$560,000.

"There's a \$10,000 gap between what they're prepared to pay and what the vendor wants and it looks like it will be the vendor who will have to come back to the market." ♦

FACTS AND FIGURES

Following a lull in 2010 after the end of the First Home Owner's Boost, the indications are that first homebuyers are starting to return to the market in good numbers.

Australian Bureau of Statistics figures showed that in November, first homebuyer purchases were at their highest level since March 2010.

NSW recorded the biggest numbers, with 2542 loans approved, followed by Victoria with 2342 and Queensland with 1559.

Consumer confidence has grown because of a stability of interest rates and a strong belief in the future of the Australian economy.

But rising rents are also a big factor in increased first homebuyer activity.

In a recent survey conducted by mortgage broker Mortgage Choice, 51 per cent of first homebuyer respondents said rising rent was a key motivator in their decision to buy. Increasing housing prices was also an important consideration, with all respondents agreeing this was the number one concern for 2011.

"There's a real sense of urgency among those with home ownership in their sights, a persistent feeling of it's now or never," says Kristy Sheppard, Mortgage Choice spokesperson.

MEMBER PROFILE: JOSEPH TROPIANO



“REINSW puts a number of vital resources at your fingertips, such as the most up-to-date legislation and industry training.”

Joining REINSW was one of the first decisions Joseph Tropiano made as the proud Director of Belle Property's newest franchise in Newtown. With 10 years' industry experience in the metropolitan district, he and business partner Anthony Tripodi made the leap and bought their own real estate agency just four months ago.

Joseph first gained his real estate licence in 2003 through REINSW, and the Institute has remained a supportive presence throughout the course of his career. In laying the groundwork for his new business, he believed “it was imperative to establish an affiliation with the peak industry body.”

Sydney's inner west was the obvious choice for Joseph when selecting a location to set up the business. Having grown up around Newtown, he knows the area inside out and feels passionate about maintaining community culture.

The agency takes in Newtown, Alexandria, Enmore, Erskineville, Marrickville, St Peters and Tempe – a district on high rotation with rental tenancies and a broad demographic of singles and families of all ages.

With the support and experience of REINSW backing their every move, Joseph believes their membership is core to the successful growth of their business. “Access to information is the most important factor,” he explains. “REINSW puts a number of vital resources at your fingertips, such as the most up-to-date legislation and industry training.”

CPD training, conferences and online tools have been the most significant incentives for Joseph and his team of agents. “Having the support of an industry body that takes care of the finer points of paperwork means I can focus on what I do best – helping people reach their goals and major milestones.”

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Product news

The latest market offerings for real estate professionals.

Airview: a new perspective for property photography



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

The company was founded in 2000 with a plan to shoot Olympic Games-related activities. When the Olympics ended, Airview moved into real estate.

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

Airview Aerial Photography still maintains its northern beaches base but with its own aircraft, it 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

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Ursula Kearns – Sales Executive, Double Bay Realty

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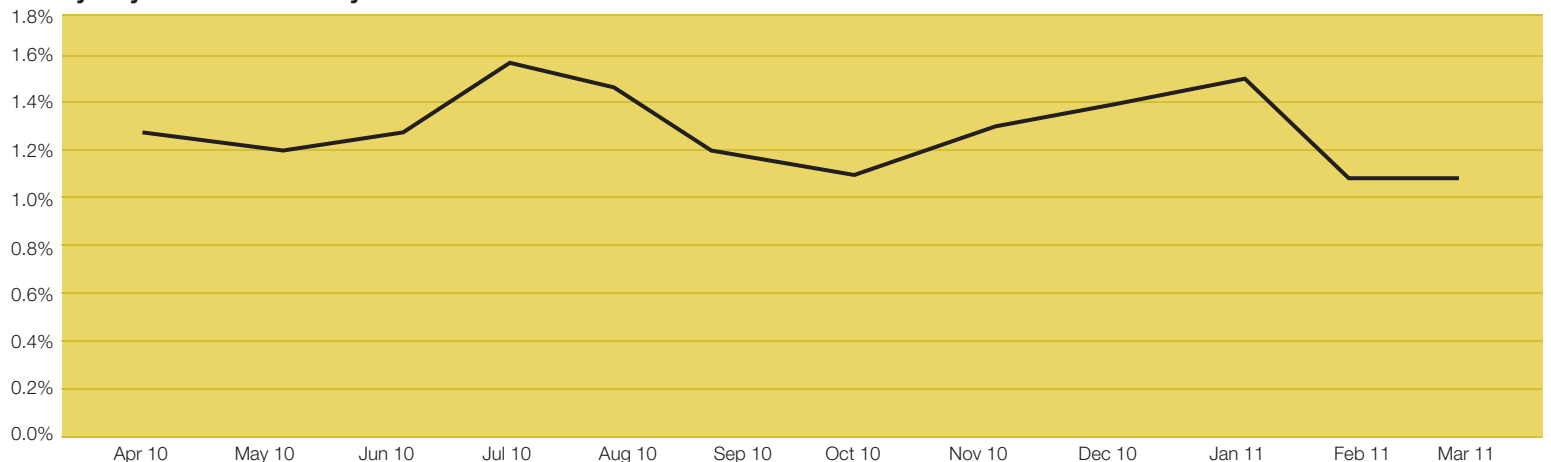


Check out the latest rate for your area. You can use it in your newsletters, information packs and discussions with potential investors.

Residential vacancy rate – Compiled by Insightrix on behalf of REINSW

SYDNEY	Mar-11 (%)	Feb-11 (%)	Jan-11 (%)	Dec-10 (%)		Mar-11 (%)	Feb-11 (%)	Jan-11 (%)	Dec-10 (%)
Inner	1.1	1.2	1.2	1.1	ALBURY	2.5	2.5	3.1	2.4
Middle	1.1	1.2	1.9	1.7	CENTRAL WEST	2.0	2.1	1.5	1.7
Outer	1.2	1.1	1.4	1.4	COFFS HARBOUR	2.1	2.3	1.7	1.6
Total	1.1	1.1	1.5	1.4	FAR WEST	-	-	-	-
HUNTER					MID-NORTH COAST	1.7	2.1	2.2	1.6
Newcastle	1.3	1.4	2.0	1.7	MURRUMBIDGEE	2.2	2.2	2.1	2.9
Other	1.3	1.1	2.3	1.9	NEW ENGLAND	2.0	1.6	2.1	1.7
Total	1.3	1.2	2.2	1.8	NORTHERN RIVERS	1.6	1.5	2.0	1.9
ILLAWARRA					ORANA	1.6	1.9	1.5	1.8
Wollongong	1.0	1.3	1.3	1.3	RIVERINA	2.8	3.1	3.5	3.1
Other	1.5	1.4	2.0	1.9	SOUTH COAST	2.1	1.7	1.5	1.6
Total	1.3	1.4	1.7	1.6	SOUTH EASTERN	1.5	1.6	1.3	1.1
CENTRAL COAST	1.6	1.5	1.5	1.6					

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
3/04/11	89	71.0%	40	73.2%	86	58.4%	91	74.5%	536	60.8%
27/03/11	78	67.1%	20	85.7%	49	61.3%	100	50.0%	442	55.8%
20/03/11	126	75.4%	45	63.0%	103	65.9%	85	57.4%	599	59.0%
13/03/11	102	67.5%	45	88.9%	72	49.4%	104	59.8%	591	57.4%
6/03/11	81	60.2%	42	65.9%	60	53.8%	86	62.0%	544	55.5%
27/02/11	153	70.5%	51	76.9%	126	66.7%	207	65.8%	882	61.5%
20/02/11	91	64.6%	31	71.8%	86	69.4%	75	59.3%	510	59.3%
13/02/11	62	75.4%	16	75.0%	29	69.7%	25	66.7%	321	64.1%
6/02/11	10	46.2%	6	snr	11	41.7%	4	snr	105	46.8%
30/1/11	9	snr	3	snr	1	snr	0	snr	37	44.6%
23/1/11	0	snr	1	snr	0	snr	3	snr	15	50.0%
16/1/11	0	snr	0	snr	0	snr	0	snr	5	snr

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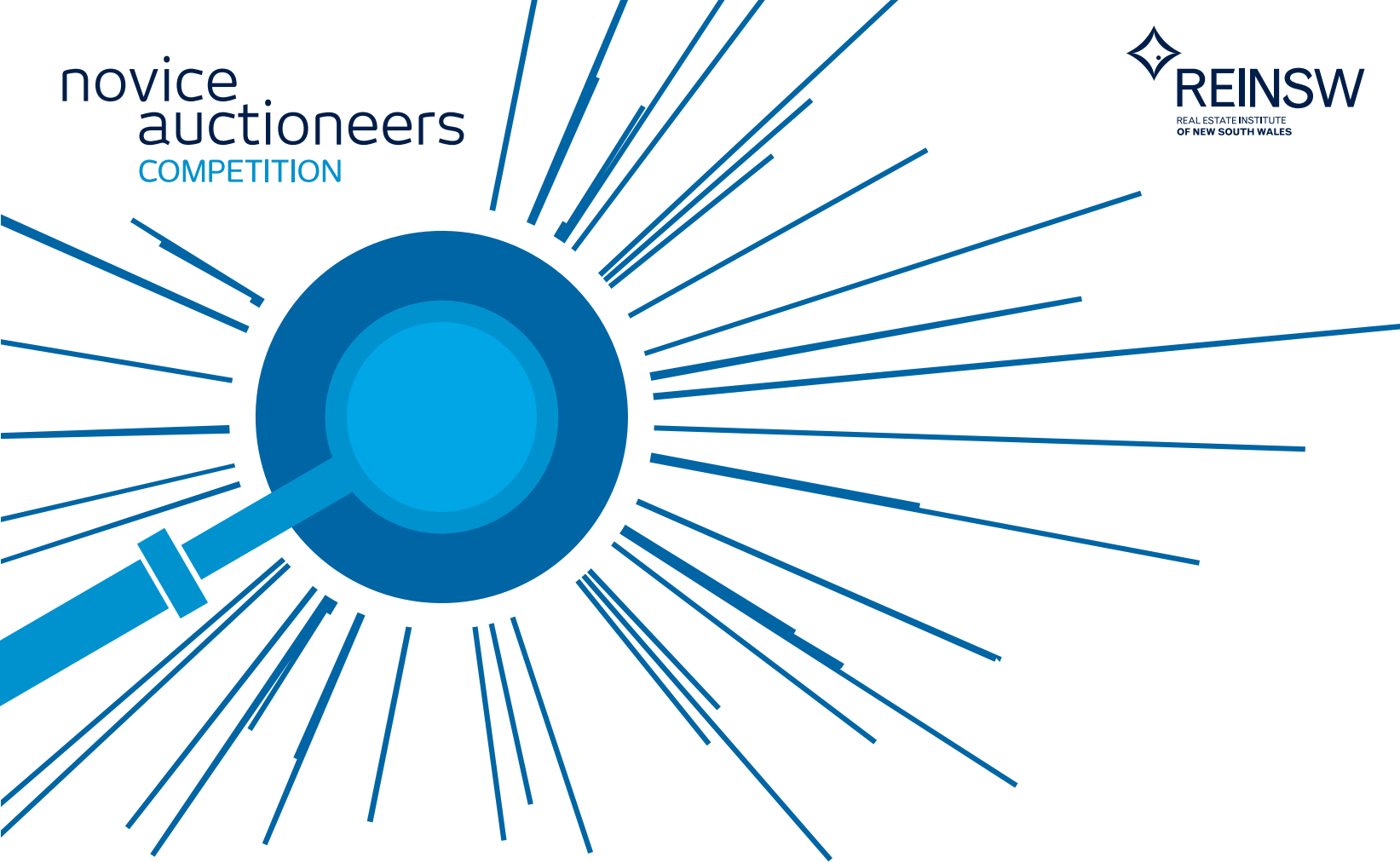
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Calling all budding auctioneers!

It's on again – the REINSW Novice Auctioneers Competition.

The 2011 competition is shaping up to be bigger and better than ever before.

If you've ever thought you might like to try your hand at the fine art of auctioneering, why not give it a go? You might just find that you have an exciting new career on your hands.

Save the dates!

This year, Divisional competitions are being held across NSW:

Orana Division Sat, 2 July 2011
Northern Beaches Division Wed, 27 July 2011
Central Coast Division Wed, 10 August 2011
Riverina Division Thu, 18 August 2011
New England Division Wed, 24 August 2011
Illawarra Division Fri, 26 August 2011
East Division Mon, 29 August 2011
Inner West Division Thu, 8 September 2011

Albury Division Fri, 16 September 2011
St George & Sutherland Shire Division
Tue, 20 September 2011
**Nepean, Hawkesbury, Blue Mountains and Parramatta
& Hills Divisions** Tue, 25 October 2011
Murrumbidgee Division to be confirmed
Newcastle & Hunter Division to be confirmed
North West Division to be confirmed

Don't see your Division? You can still enter by participating in the competition in another Division.

Or come along and support local talent. All proceeds raised will be donated to local charities.

To find out how to enter a Divisional competition, email divisions@reinsw.com.au

The winner of each Divisional competition will be eligible to compete in the State Final held on Friday, 25 November 2011 in Sydney.

For more information, go to www.reinsw.com.au or email divisions@reinsw.com.au

The lighter side of real estate

Ever thought of running your business from home? Paul Salsano did and now he reaps the rewards in terms of his work/life balance.



BY PAUL SALSANO,
SALES AND LEASING
DIRECTOR, ONSIDE
PROPERTY

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 brett@mahlabmedia.com.au

I started Onside Property a year ago with my business partner Anthony Dumanis and we have literally had to grow our business from a garage. Building a name and a rent roll is tough, but having the flexibility to do so from home has been great.

And it certainly has its rewards. I was due to meet a client one sunny morning and was waiting to see his car pull up out the front. Eventually, he called me and said he had arrived but I still couldn't see him. "I'm out the back," he said.

My home backs on to the Georges River and there he was, waiting at the jetty in his speed boat. So, I hopped on and we went for cruise along the river while we discussed the two properties I manage for him. It was a fantastic way to do business and a day in the office I wouldn't get if I wasn't working from home!

A typical morning consists of waking to a fantastic water view, a shower, and an easy walk upstairs to eat my breakfast at my desk before logging on to my emails and setting up my business day. All without having to wear a suit.

I used to work for small to large reputable firms in Sydney in both the commercial and residential sectors, and the amount of work I get done because I'm not stuck in traffic from 7am on my way to the office and from 5pm heading back home is amazing! I triple my work output and I am able to be at my office instantly when I return from an appointment. Best of all, I am not paying rent and I'm minimising my overheads while growing a business from the ground up.

We use a system whereby our tenants direct deposit rent into our trust account – no cash is accepted so our work is mainly done out of the office. In general, "off the street" business is slow, however when you add the cost of rent, higher risk, and employees to the equation, we're saving money and increasing the bottom line.

My business started with zero properties on the books but now I'm on the way to running a successful real estate agency, without having to buy a rent roll.

I recommend this idea to all new business start-ups as a great way to get ahead! ♦

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(02) 9818 8896
www.mahlabmedia.com.au

Cover photography by
Studio Commercial

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