



**AUSWIDE**  
REAL ESTATE SOLUTIONS

Hello again fellow agents

Well - nobody got it right did they? How could anyone – including the greatest economic braintrusts in Australia and the world, the Reserve Bank, the Federal Government, agents and the public – anticipate Australia would not have a 2009 RECESSION that the Global Economic Downturn forced on the rest of the world.

There are a number of reasons why, and the main ones were the Federal Government's cash handouts and infrastructure spending, increased First Home Buyer Grants, the NSW Government Stamp Duty concession,



and consumer confidence. The Real Estate Industry defied all logic and prices increased beyond anyone's expectations. But what will happen in 2010? On page 2 of our Newsletter we present a range of opinions for you to consider.

#### ARE YOU ON A DEAD HORSE?



Conventional wisdom explains that when you discover you are riding a dead horse, the best strategy is to dismount. In business, however, we often try other strategies with dead horses including:

1. Buying better whips
2. Changing riders
3. Establishing different riding standards for dead horses

4. Creating select teams to revive dead horses
5. Providing more time and funds to enhance the performance of dead horses
6. Researching how to ride dead horses
7. Purchasing a product to make dead horses revive
8. Finding new uses for dead horses
9. Rationalising that dead horses run cheaper

The reality is that nothing is more costly to operations and morale than the retention of an employee who should be replaced or dismissed.

#### FOOD FOR THOUGHT!

- There are two types of people
1. Those that believe they **can**,
  2. Those that believe they **can't**

And guess what? They're both right.

#### DEFINITION OF INSANITY - Expecting things to change without doing anything different.

Many agencies coast along in the belief that when things are so good that they will continue. But what if they don't? Given the current economic climate shouldn't you be preparing for a possible slowdown in sales?



Being reactive is not the way of good business. You need to be proactive and set in place strategies to combat the impact that future upward interest rates, changes in government policy on First Home Buyers Grants and Stamp Duty, consumer confidence and other forces are going to have on the industry.

Forward planning is an essential part of a good business. Being prepared to implement changes that might not be palatable, especially to staff, can be a deterrent. But you have to if you want to continue in the industry that is seeing more and more agencies close.

#### Some points about CHANGE

**Change** is difficult.... It's met with a "it's all too hard" attitude. **Change** is usually obstructed..... comfort zones are being intruded upon. **Change** must be gradual.... too much too quickly can have disastrous effects, but **Change** is the only solution.

A dissection letter by letter reveals:

- C** - Challenge
- H** - Habits (old) inhibit progress
- A** - Acceptance by all is necessary
- N** - Needed to survive
- G** - Goals for future
- E** - Eventually embraced by all

#### FREE AGENT ASSISTANCE PACK



Auswide has a new Pack which contains:

1. ten great tips for improving your Business
2. some positive thoughts from some great people
3. a great one page Sales FILE checklist that will save you time and money
4. some great standard letters to assist with listing property, etc, and
5. Questionnaires that will assist to ensure your OH&S and OFT Compliance.

To order a **free copy** of the 18 page Pack, just send us an email request.



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#### UNFAIR DISMISSAL OBLIGATIONS UNDER THE NEW FAIR WORK ACT

1. If you have 15 or more equivalent full-time staff, then your employees will be able to make an unfair dismissal claim after 6 months of employment.

2. If you have fewer than 15 full-time equivalent employees (i.e. you are a "small business"), your employees will be able to make an unfair dismissal claim after 12 months of employment

3. From 1 January 2011, the number of employees you have in your business will be calculated via a head count. This means part-time and eligible casual employees will also have to be included.

Some practical steps you can take to reduce the risk of your business being exposed to an unfair dismissal claim are:

1. Recruit for talent, as well as experience – make sure you adopt effective techniques for recruiting the employee you need for the role.

2. Engage the employee on the right terms – do include notice periods for dismissal. Don't include hurdles or restrictions on the right to terminate employment for capacity or conduct.

3. Use your qualifying period effectively – you have a period of time to assess the suitability of new employees before you attract unfair dismissal exposure. In the employee's first few days, sit down and discuss the key job requirements and what you expect the employee to demonstrate in order to have ongoing employment in your agency.

4. Don't hang on to unsuitable employees – make sure you are not retaining employees who will not be long-term in your agency.

5. Deal with underperformance decisively and fairly – if a significant issue arises, define it in the most objective terms possible and communicate it to the employee in a fair and reasonable manner (and give the employee a file note of the discussion!).

If the only way is out, consider agreed separation before warnings - formal performance management will, in most cases, undermine productive employment relationships. Sometimes it is better to give the employee the opportunity to leave on terms that enhance their prospects of getting another job.

#### THE SECOND COMMANDMENT OF SUCCESS

**THOU MUST LEARN THAT WITH PATIENCE YE CAN CONTROL THY DESTINY.**

Know that the more enduring thy patience, the more certain thy reward. There is no great accomplishment that is not the result of patient working and waiting. Patience is bitter but its fruit is sweet. With patience ye can bear up under any adversity, survive any failure, control thy destiny, and have what ye will.



There are number of other sayings that are similar to the **Second Commandment of Success** which you may have heard before and could reflect on, two of which are:

1. All good things take time, and
2. Reap the Harvest after the seed is planted and then

There are many agents who spend more time and effort in seeking new business rather than "nurturing" their existing data bases of past buyers, sellers, etc. Eighty percent of business comes to agents who after five years of keeping in contact with past sellers and buyers, maintaining regular contact with local business people and involving themselves in as many community activities as they can.

#### 2010 AND BEYOND?

A survey I conducted of Sydney and country agents in early February after the Reserve Bank put a temporary hold on interest rates revealed that they generally saw a steady Market for 2010 with CPI increases in prices as a minimum. Rents also were expected to increase by the same – not the 20% as indicated in the media - why – because renters can't afford much more than they are paying.



Since the start of 2010 there have been a variety of commentators offering their opinions as to the direction of the Real Estate Market for the year and the big banks and their new lending practices. Some of these included:

Sun-Herald 10 January Macquarie Capital Advisers - ... "A slow and steady year" Sunday Telegraph 10 Jan – "Australian housing over-valued by 50%." "Property prices are about 27% too high..." Shane Oliver AMP Capital Chief Economist.

Telegraph 30 Jan John Edwards CEO Residex - "Housing in Sydney is becoming very close to completely unaffordable".

Telegraph 30 Jan Mark Armstrong CEO Property Planning Australia ... "and we could see as much as 20% growth".

Channel 7 -Steve Keen – Professor of Economics Uni NSW has forecast around a 20% reduction starting from September 2010.

14 Feb Sunday Tele Terry McCrann – "Don't expect to get clear signals any time soon on where we are headed... it will be an interesting, complicated and uncertain year."

The Federal Government is still warning we are not out of the woods yet. Investor loans were only up 26% in 2009 and this year there expected to go up 50%.- hardly anything to get excited about as there has been no investors around for over 5 years. And, Migration levels are to be reduced by 20% this year.

And the Banks are "toughening up" through fear of more default loans. With Westpac now cutting their loan-to-value (LVR) to 87% a buyer of a median price home valued @ \$550,000 would only be able to borrow \$478,500 – which means they will need \$71,500 deposit, and with the First Home Buyer Grant gone, they will struggle to come up with the deposit and, even if they did, because it's less than 20%, they have to pay for Mortgage Insurance which adds considerably to the repayments on the Loan, and rates are going up by at least 1% this year alone – a big deterrent to enter the market.

Until next Newsletter – **Alan Fleming**