COLLABORATE newsletter

OCTOBER 2015

How Young Property Developers make the BRW Top 200 Rich List?

Property investment and development delivered 67 individuals with a ranking on last year's BRW Rich 200 List. 9 of these were also on the Young Rich List; that is, part of an exclusive group of under 40s who are extremely rich. They have founded or invested in a variety of real estate companies with diverse portfolios and projects across Australia and have a combined total wealth estimated at $574 million.

Maybe it's the enthusiasm of youth but it seems despite general messages of doom and gloom about the state of our economy, the possibility of recession and collapse of the property market these entrepreneurs remain upbeat and unquestionably confident about the prospects for further growth ... for the property sector and themselves.

Jonathan Hallinan ranks No.17 on the *BRW* Young Rich List with $113 million to his name. He owns BPM Construction and Development who develop luxury apartments for high-end downsizers. He said to BRW he's not convinced there will be any sort of downturn. “I've been in the business since 1996 and I've been told this is a bubble since 1996,” he says.

These young investors are good at looking up and out when assessing the property market. They understand that the market is becoming more sophisticated and global in nature and have been very savvy in responding to new trends. Hallinan claims his company developing business relationships in SE Asia to facilitate foreign sales has been imperative in the current market.

Some other words of advice include not purchasing unless you know how to sell it at the other end from Luke Hartman, #20 and MD of Metro Property Development. Having an exit plan before you commit is a fundamental part of risk minimisation. "It's all about the numbers - the demographics", says Tim Gurner (founder of Gurner, co-founder of Urban Inc and #28). He favours developing in inner city areas with a younger population; one with a good tenant pool for investors who then become the buyers of similar properties leading to very low vacancy rates.

Both men are unfazed by talk of interest rate rises affecting property markets. They believe rises of 1-2% will have a negligible effect on their target markets. There is still consumer confidence out there and property, which represents the lion's share of an individuals' assets, has made some Australians, young and otherwise, very wealthy.

The Money Pit

Customer Service & Your Business |

Part 1: Customer Retention vs Acquisition

Read anything about increasing your sales these days and you will find that most focus only on getting new customers. And while every business needs new customers to grow, do you know how valuable your current customers are to your business?

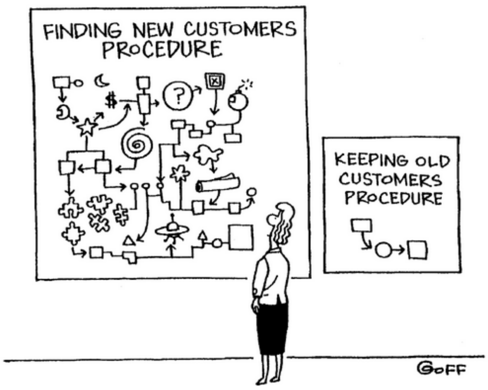
Studies have shown that a current customer will spend 31% more with you than a new customer. So who would like to increase their turnover by 33% without the cost and pain of acquiring a new customer?

There is one simple key - providing great customer service. What does your current customer service system look like? Do you have any type of follow up mechanisms in your business after someone makes a purchase?

When someone makes a large purchase does anyone in your organisation call to thank them for their business? Do you send a surprise token of your appreciation to long standing customers to say thank you? And we are not talking about them being on your Christmas card list!

One of the biggest complaints of new customers is lack of or no customer support. How would you rate your business in this area? If someone comes to you with a problem how do you (or your staff) respond to them? Providing a great experience in this area is one key to retaining a customer.

A great infographic link that will give you some useful information on why building relationships with your current customers can be the key to success in your business, can be found here -



http://www.getelastic.com/customer-acquisition-vs-retention-infographic/

When you look at the information you will see very few businesses do it. Could this be the one thing that makes your business stand out when compared to your competitors.

Next month we will give you a Great Customer Service Top 10 list to help you develop a better (or new) system for your business.

Signature message

by Dean Gavrilovic

Now that we are in Spring and as Summer approaches, building sites are a hype of activity. There will be fewer rain delays and as we approach Christmas and a number of projects will be completed before the summer break.

This month we begin a new series in “The Money Pit” on Customer Service and your business. Part One is about providing good customer service and how it is one of the keys to longevity in your business. Look out for further parts in this series in the coming months. As always we welcome your feedback regarding our newsletters and as we plan for next year, if you have a project idea or want to begin developing and building in the first half of 2016, I am always available to discuss your needs. You can contact me at 0438 458 996.

Fresh Wave of Chinese Money to Hit Property Market

As China loosens its capital export restrictions, it is estimated an additional $75 billion will be invested in Australian property alone, primarily in the long-standing safe holds of Sydney and Melbourne.

In May this year the Chinese Government announced the QDII2 scheme which will begin allowing citizens to invest directly in overseas markets. Previously this was limited to institutions but now individuals will be able to participate in international property investment for the first time. After the United States, Australia is predicted to be the next largest beneficiary of this injection of new Chinese capital into its property market.

Despite Chinese currency movements, the Chinese purchasing power is up almost 20% over the past year and interest in Australian property has increased 35% month-on-month. The People's Bank of China may have moved to devalue the Yuan in August but subsequent analysis done by Bloombergs showed no change in Chinese interest in foreign property, both commercial and residential.

The Chinese international property portal, Juwai, says 63 million Chinese already have sufficient wealth to purchase international property, which include 2.8 million high-net-worth individuals. For them, the key motivations for buying property overseas are children's education, wealth security and preparation for retirement. That trend will only grow, the portal adds.

Also a study by KPMG and the University of Sydney showed that Chinese investors are now eyeing Sydney's city fringe and regional NSW as untapped markets believing these may yield better returns than inner city investments. Whatever their preference, Chinese investors may have spent more than $25 billion by year end!

According to Colonial First State Global Asset Management chief economist Stephen Halmarick last month, "Australians might think they’ve seen a lot of Chinese investment in the Sydney and Melbourne property market, but we ain’t seen nothing yet".

Latest News

New Turnbull Government - Urban Development

Last month saw our 5th Prime Minister in 5 years installed in Canberra. Malcolm Turnbull’s defeat of Tony Abbott at the hands of his Liberal Party Colleagues has given this Government a new lease on life. But what are the implications for the property sector?

Perhaps the most interesting move has been the creation of a new liveable cities portfolio. The Honourable Jamie Briggs MP will be the Minister for Cities and the Built Environment, to work with Greg Hunt, the Environment Minister, to develop a new Australian Government agenda for our cities in cooperation with States, Local Governments and urban communities.

While this is not a new idea, let’s hope this new portfolio doesn't just produce reports and actually works on creating a sustainable, liveable environment for the vast majority of the population that lives in our urban centres.

RBA - Rates on Hold

The RBA kept rates on hold for September and October. This makes five months in a row, after lowering the cash rate by 25 basis points to 2% in May. Some analysts are predicting a further cut in November with current market conditions pointing to a recession in the coming months.

Thought of the month ...

“People who don’t take risks generally make about 2 big mistakes a year, people who do take risks generally make about 2 big mistakes a year.”
- Peter Drucker

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