

# FINANCIAL REVIEW

SE **Property**  
HD **It's party time in real estate**  
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**Property** boom Those enjoying the fruits don't know when it will end – or care, write Samantha Hutchinson and Rebecca Thistleton.

Diners at the Chatswood **Chinese** restaurant on a Saturday night in 2011 would have hardly given the table a second glance. Elated as the **group** sitting around the lazy susan were, David Milton and his team from CBRE's project marketing division were tired. It had been a long day.

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But after generating more than \$300 **million** in just one day's work, it was time to celebrate. The **group** had **sold** 292 apartments, 90 per cent of the project's two buildings, in just eight hours.

"It was the first time in 15 years anything like that had happened," Milton says.

"I remember thinking at the time it was like the bell had rung."

Fast-forward three years and the **property** activity Milton reckons began that day is in full swing and gathering pace.

Former US Reserve Bank chair William McChesney Martin once described good monetary policy as knowing when to take the punch bowl of low rates away just as the spending party gets swinging. In Australia, the throngs of real **estate** agents and a raft of hangers-on are enjoying that delightful moment when the warmth of the booze has got feet dancing, yet the punchbowl isn't going anywhere.

House prices are soaring, the value of loans to investors is at record highs, but Reserve Bank of Australia governor Glenn Stevens is keeping rates pegged low. The only potential party-pooper is the threat of macroprudential rules to trim back bank lending to **property** investors.

Until that happens, realtors, developers, house photographers, feng shui consultants, furniture stylists and gardeners can barely believe their luck. They are at the right place at the right time, doing the right thing. And in real **estate**, location is everything. Persistence pays

In a prime spot is Jeremy Allsop.

The Sydney real **estate** agent, who just turned 30, drove a 1995 Chevrolet Corvette halfway across Australia last Sunday. It was a gift to himself; the same model he lusted over as a child peeking into his uncle's garage. Its first owner shipped it from the United States and never drove it in the rain. And when Allsop bought it, there were just 49,000 kilometres on the clock and condoms in the glovebox.

He added another 1400km bringing his dream car home. Personalised licence plates are on the way. "I drive it daily; anything I **buy** I use," he tells AFR Weekend, alluding to the good **wine**, shoes and Mont Blanc pens he buys himself as rewards for strong sales.

"I like to do things that other people can't. Anyone can **buy** a BMW. This is a little bit special."

Hunting for the right car took months, but his persistence is why Allsop is confident he will still be in the game for the long run, and if the market was to turn. Allsop's hunger for success was evident early in his career.

Recalling his first home **sale**, Allsop says a couple interested in buying the home offered to give him their own home to sell, if he accepted their bid on the other **property**. His response took them back.

"I said no, that they would pay the amount I told them, and then they would give me their listing," he says. "I told them the truth: I work for my vendors, isn't that what they'd want from an agent, the best price?"

Boldness and honesty meant the buyers agreed to pay the asking price. Allsop **sold** their home, and **sold** it again a few years later. And after more than a decade of sharp-eyed determination, he has stuck with LJ Hooker and is now a sales manager. Ups and downs

Allsop illustrates his change in fortunes with a simple equation: for every five homes he lists today, there are at least 10 buyers.

When at the start of the century and aged in his late teens, he became an agent, it was 10 homes to five buyers. Homes languished on the market for six months.

Those were the dark days of discontent, when mortgage rates were at 7 per cent and the effects of the **mining** boom were only in their infancy.

CBRE's David Milton remembers in 2005 when he **sold** just 84 properties in one year. The following year he **sold** 120. This year, his team is expecting to sell more than 3500.

The agent, known for his knock-about country manner, cuts a sharp figure at residential projects wearing an Hermes belt and elegant Italian leather shoes.

When asked what car he drives, he sheepishly admits it's a Ferrari. Before that, it was a Porsche. "It hasn't happened overnight, you know," Milton says. "It's been a gradual change. Buyers are making decisions more quickly, but it's a high level of activity coming off a seriously low base."

Milton jokes that times are good and he's spending while he can, but memories of tougher times aren't far away. "The introduction of the GST nearly killed me," he says.

"Three clients went into receivership. It was very tight, extremely tight.

"And in 2004, the market was completely unsustainable. There was an oversupply, we lost a huge amount of money, but it's made me stay focused, you reduce your expenses, you work on your marketing systems and your IT, and when the market comes back, you're in a position to make things work."

Milton has earned notoriety leading CBRE's project marketing division, a 130-man team charged with finding buyers for hundreds of off-the-plan apartments.

Under Milton's watch, **Chinese** developer Greenland earned \$275 **million** in one day, when he launched the first tranche of 250 apartments at Greenland Centre, its 66-floor **residential** skyscraper which, upon completion, will be the tallest in Sydney's CBD.

Greenland's latest project, Leichhardt Green, within a former hosiery factory in Sydney's inner west, will yield 240 apartments with prices starting at \$480,000.

It launches later this month, and in a marker of the madness, interested buyers have been told to arrive before 7.30am to get a decent spot in the queue when sales open at 9am. Indulgences

Sitting behind Milton, another cog in the **property** machine is Mark Wizel. He's a Melbourne-based agent who sells blocks of land, upon which high-rise fortunes are built.

Like Allsop, Wizel's foundation days coincided with the financial crisis, in which cutting a path demanded no small level of entrepreneurship.

"We had to find new ways. We'd be selling a building, so I'd find a restaurant tenant for the ground floor first – it's about finding solutions," he tells AFR Weekend.

Wizel was born to an enterprising couple who owned an Ugg boot stall at Melbourne's Queen Victoria Markets. In the '90s, clip-on koalas and plastic kangaroo road signs **sold** well to European tourists.

Higher-end products **sold** better to the few **Chinese** tourists.

Wizel's father started stocking Akubra hats, Ugg boots, sheepskins and shark cartilage, and courting tourist guides who brought busloads of **Chinese** tourists to his stall. "We were selling out by midday."

Working in the store, Wizel honed his sales skills from a young age.

It was an invaluable experience which would place him on an enviable footing when a wave of **Chinese** investment filtered into Melbourne from 2010 onwards.

Now 31, Wizel is known as The Wiz and heads CBRE's Melbourne City Sales team, which has successfully positioned itself as a link for landowners to Asian developers.

He was best man to Richard Gu, whose AXF **Group** is building apartments and hotels in Melbourne and Sydney.

His Chanel tie, Louis Vuitton case and sharp suit are more about personal branding than indulgences. Wizel is targeting a market big on labels and image, he says.

It's a formula that works. His 17-strong sales team, which targets new investors to Australia with an eye to gain their repeat **business**, has **sold** more than \$1.6 **billion** of **property** around the Melbourne CBD and city fringe since mid-2011.

Wizel recently **sold** a \$60 **million site** on behalf of Grocon to a new offshore **group**, represented by lawyer Jenny Wang of Berrigan Doube Lawyers.

She has always specialised in **property** but her client list has swelled, particularly in the past year. She says she is used to long hours but has been surprised at the hours her clients work.

Wizel knows it all too well, but says it's not just the offshore developers demanding that deals get done at a faster pace. All-hours negotiation

Last Valentines Day, he nailed a \$21 **million** St Kilda Road **site** at 2am, having pulled the vendor and a local buyer into the Rialto Tower boardroom at 9pm. The five-hour negotiation began with Wizel grabbing roses and a juice bottle to honour the date, February 14, and break the ice between the two parties, one locked at buying for \$20 **million**, the other selling at \$21.5 **million**.

The prospective buyer was Caydon Properties director Joe Russo, whose wife and school-aged daughter followed him into the negotiating room. Stuck in a deadlock, it was his daughter who broke the impasse. "My dad's not going to give you any more money," the 13-year old chimed in from a corner of the boardroom table. "You might as well take it."

They got the tower for \$20.9 **million**.

Wizel's ascent may not surprise pundits who have watched the number of off-the-plan apartments filling weekend **property** pages. Nor will it surprise the families who live in central locations fielding multiple knocks at the door each week from developers with their eyes on their **site**.

But other, more tangential sectors of the market also report they are feeling the same warm flow of the wealth effect trickling out from the housing market.

More than a decade ago, Lizette Akouri spent \$2000 to have a **Chinese** grand master of feng shui tour her home. His advice on how she could improve her wealth, health and general fortune had such an explosive impact on her life, Akouri switched careers to become a feng shui consultant herself. It would prove to be a fortuitous move.

Nowadays, the Macau-born resident of Sydney's North Ryde has built a steady client book of potential home buyers, existing home owners and retailers asking advice on how to manipulate **energy** flow and magnetic fields in their dwellings to harness positivity and avoid bad fortune. Homeware hot

Akouri chairs the local chapter of the international Association of Feng Shui Consultants, and says demand for feng shui consultants is likely to be the highest it has ever been in Australia.

"**Business** is very good at the moment; the majority of us are doing very well," she says.

"It's because of the **property** boom. There's so much movement in the sector and people moving house, buying a house, thinking about buying a new house, which means a lot of us are doing more assessments, but of course we always want more."

It's the same story for Coco Republic. The upscale furniture **group** sells a raft of coastal-chic and Scandinavian-influenced furniture and homeware designs in showrooms around the country.

It also rents luxury couches and neatly sized furniture to make properties on the market appear more stylish, in addition to an interior decorating service for residents and a growing number of developers.

The **group** has had to take on new staff at every level of its **business**, from administrators to management and stylists, to cope with demand in the past 12 months.

Chief executive Jeremy Byrne says he's doubled the size of his Brisbane warehouse and has beefed up inventory levels of furniture for loan by 30 per cent in the past six months. Staff have been burning the midnight **oil** to keep up with demand.

"We're the sort of **company** that will never turn down a job – if we ever had to say to client that we couldn't help them, it would be a complete failure of what we're trying to do," Byrne says.

It a sentiment that echoes with David Milton's rule of thumb for an industry known for wild highs and white-knuckled lows: fast times can pay off, but only if you've made the effort during the slow times to get prepared for when the sun shines.

And here is the rub. As the skin pulls thin across a sector ballooning with new buyers, there are smaller players for whom the **property** boom is becoming a little unbearable.

Agents complain to AFR Weekend that real **estate** photographers, gardeners and creative agencies who splice together shots of homes for glossy promotional videos are booked out for weeks at a time. 'Structural shift'

One agent tells of a home in Coogee that launched to market a week late, after they couldn't secure the photographer they wanted. "[The photographer] actually told us a couple of weeks ago that we needed to book in early to get her on the job, and we didn't believe her. It was a really bad decision," the agent said.

Feng shui consultant Akouri says some of her peers are complaining they are losing work to grand masters from **China** who are flown in by wealthy families for a private consultation. "**Chinese** buyers usually use the feng shui masters who only speak **Chinese**, and they fly them in from overseas," she says, her voice carrying a note of frustration. "It happens very often."

Lizette charges a minimum of \$298 to visit and write a six-page report on a two- to three- bedroom home. **Chinese** grand masters, by comparison, are unlikely to charge any less than \$4000 for a single consultation, which might only contain verbal advice, before airfares and accommodation is added. "We would like more buyers to come to local consultants like us, because we are cheaper but we are also very good," Akouri says.

All booms must come to an end. Real **estate** agents like Wizel, who recently commissioned a painting of the Ugg boot stall at Queen Victoria Markets to remind him of his past, disagrees with the sentiment that he needs to rake the money in quickly as the sun might set soon. The market is strong and investment levels are picking up, he reasons. Besides, what use is there speculating about a dip?

"I don't think about it. You can't think like that. We're seeing a structural shift – there will be 160,000 new **Chinese millionaires** every year until 2020."

Meanwhile, Milton is adamant the market still has a fair way to go before demand for apartments near Sydney's CBD softens. But he always has an eye on the future.

"You need that training and development and to have those good systems in place if you want to future-proof yourself," he says.

The statement dovetails with Allsop's easy-come, easy-go view. Allsop isn't worried about how long the boom can grow before it dives, he says, because "the cycle" is what separates successful agents from the fair-weathered.

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