



The value of data

In the Australian real estate sector



A market entering a state of flux?

Having seen significant growth in terms of volume of transactions and property prices in the past few years, emerging market trends, banking and banking regulatory behaviours and foreign investment profiles are leading industry experts to widely predict a slow-down in the Australian property market in the coming years. Although near term opportunities do remain, realtors are likely to face some tough challenges in the mid to long term.

Whilst the Australian housing market, particularly in Sydney and Melbourne continues to grow in 'bubble-like' conditions most experts are beginning to predict a degree of market correction by 2018



Despite predicted mid-term slow downs the Australian housing market, particularly in the primary markets is expected to continue to experience growth in the next 12-24 months. New housing approvals in strong metro markets, although slowing are still significantly up on previous years.



Although there has been some superfund investment in outlying areas of Sydney and Melbourne there remains little appetite for secondary market investment with returns generally not compelling enough compared to metro locations and heightened liquidity concerns should the market take a downturn

Mining industry challenges are predicted to continue to suppress pricing in WA and oversupply in SA, ACT and VIC are likely to stagnate or see a decline in the median price in those areas



As China shifts the diversity of its investment globally, Australia remains a key destination and with iron ore pricing challenges stifling mining investment there has been a pronounced shift of Chinese investment into Australian commercial real estate



Investor loan limits imposed on the banks by APRA are starting to bite. Weaker investors are beginning to be knocked from the market and stronger investors are beginning to opt not to buy as evidenced by reducing auction clearance rates

It is widely expected that banking regulators are likely to enforce lenders to implement "macro-prudential" practices such as limits on low deposit loans, tougher capital requirements and credit checks to avoid low interest rates further fuelling the current house price bubble



As the demand for e-commerce continues to increase, the under-supply in logistics real estate serves to make this niche sector the hottest commercial real estate sector, with QLD giving indication of becoming a key market

Key challenges

As with most industries, the three key strategic pillars for most realtors are revenue growth, cost reduction and meeting your regulatory obligations. As the Australian real estate market changes over the coming years, how you able to effectively direct and structure your business across these three pillars will be key to your success.



Revenue Growth

How to drive revenue growth in a market where transaction volumes and values are in decline



Focus on customer service at each stage of your client interactions and grow customer loyalty and advocacy



Acknowledge that Millennials and Generation Z consume services in non-traditional ways and develop multi-channel offerings that meet their needs



Analytics can dramatically improve your campaign effectiveness and enable you to exploit price sensitivities in different sectors



Cost Efficiency

How to establish sustainable cost savings to protect margins when volumes and revenue are uncertain



Pro-actively manage Data Quality, particularly in customer management to reduce re-work and inefficiencies



Increase mobile working, collaboration and knowledge management to help optimise repeatable business processes



Invest in document management systems that actively reduce man hours and associated overheads of your sales cycle



Regulatory Compliance

How to more cost effectively meet your regulatory obligations and pre-empt changes in regulation



Work closely with REIA and pro-actively manage change to reduce the cost and impact of up-coming regulatory change



Proactively use regulatory changes to your advantage e.g. Being open to customers about how you manage their Data Privacy can differentiate you from competitors

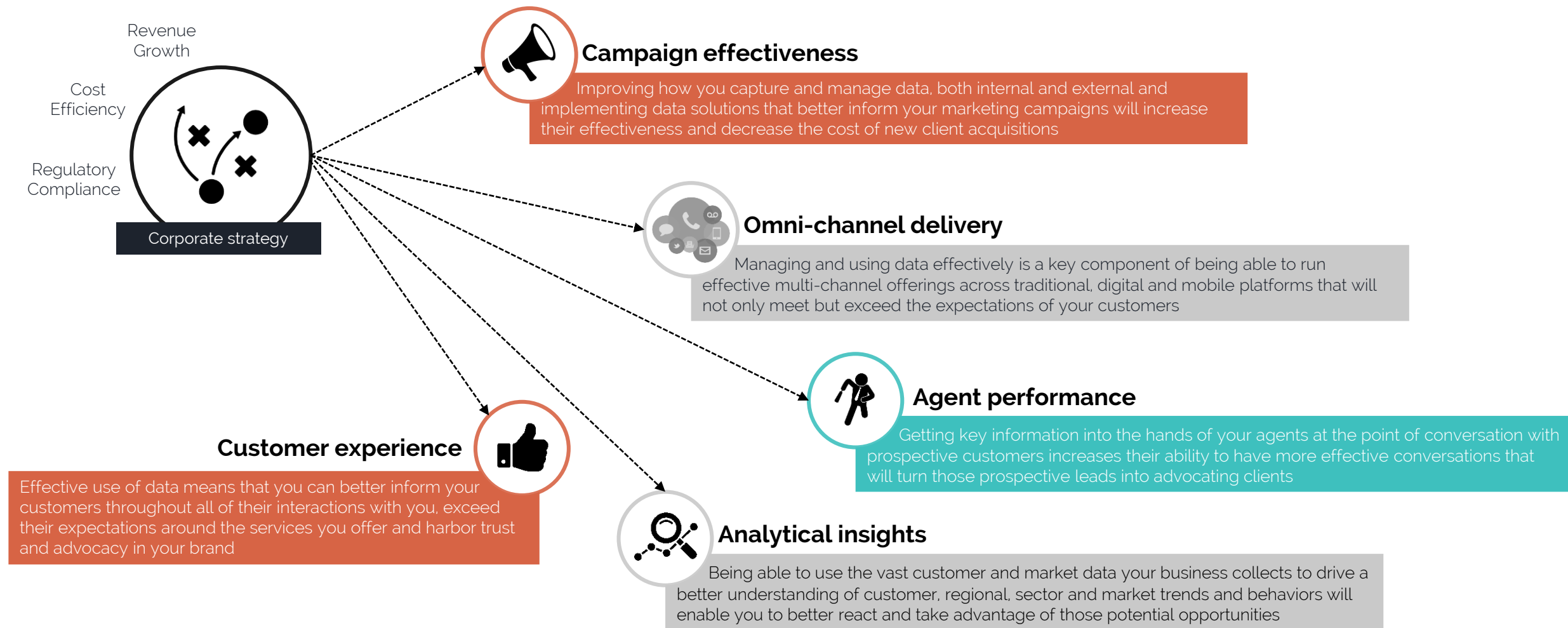


Set and monitor performance indicators for key regulatory focus points to reduce the risk of regulatory breaches and associated reputational damage



Information for revenue growth

In a disruptive digital and mobile age, how you manage and use data and information across your organisation is becoming an increasingly critical business discipline. Whether its improving how you capture and care for client information or putting information in the hands of agents to help drive sales, investing in improving your information capability now is a smart move








Banking led cost efficiency

In an industry sector where interest rates are low, where regulators are sensitive to housing market challenges and imposing stricter lending criteria and enforcing banks to increase their capital buffers it is unsurprising that banks are beginning to report a crunch in their net interest margins. In times of falling profits the banks are beginning to pull on the one lever they can fully control, costs. In industry that is so dependent upon ability of financial institutions to lend it is likely that realtors are going to have to similarly **control costs more effectively** as transaction volumes and values begin to decline

Where banks are seeing opportunities for sustainable cost savings is in **technology solutions**, financial institutions are typically increasing investment in technology solutions by between 5 and 10% year on year. Although technological solution investment within financial services is on a vastly different scale than that in the real estate industry, the needs to be addressed are broadly similar, thankfully the emergence of **cloud and Software as a Service (SaaS) solutions** means that investing wisely now in low initial cost, high benefit and return on investment solutions could make a significant difference to your business.

The key technological domains that we believe are likely to bring significant returns for realtors as trading conditions tighten are:








-  Customer Relationship Management
-  Document and content management
-  General administration (AP, AR, Payroll etc.)
-  Property management and lease management systems
-  Remote and mobile working



How Novon can help

At Novon we specialise in information management and business intelligence. Specifically that means we can help you improve how you collect and care for data, whether that is data about your customers, employees and suppliers or other data such as market or competitor data. We then help you implement technology and build business processes that enable you to turn that data into effective information that better helps you run your business, from improving customer experience, to reducing month-end financial close to improving marketing campaign effectiveness to shortening sale lifecycles and everything in between.

Specifically we can help you focus on the following:







-  Establish an Information and BI Strategy which will focus your investment on the key things that will drive your business
-  Implementing new, or maximising your investment in your Customer Relationship Management (CRM) tools
-  Establishing technologies and processes for efficient document and content management
-  Implementing reporting and analytical capabilities that allow you to better understand your customers, market and segments
-  Developing mobile business intelligence that can improve your agents ability to convert opportunities into clients
-  Creating KPI's and balanced scorecards that will enable you monitor the pulse of your business
-  Implement budgeting and forecasting solutions that will more-rapidly inform your business decision making

Our Approach

At Novon we believe in Information and how it can dramatically make a difference to any organisation. Over years of experience in helping businesses of varying sizes and across multiple industry sectors answer information challenges we believe that we know what works best.

Our approach is geared purely to ensuring that we advise you to only do things that will really make a difference to your organisation and then help you to implement those changes in a way that gives you the best chance of success. We understand that investment for all organisations must bring returns and that projects to be successful must acknowledge and address not just technology but the people and processes impacted.

The Novon approach specifically looks to:

-  Take the time to understand your most critical business pain points
-  Make recommendations that are aligned to the key strategic drivers of your business
-  Detail the real benefits you will get for your investment both once complete and over time
-  Help you choose technologies that are at the right cost/functionality point and which scale as required
-  Acknowledge that people drive success and help you establish clear change management for every initiative
-  Help you become self-sustainable so that you can continue to internally manage and improve your own services

Why choose to partner with Novon

We are a small specialist professional services organisation that focuses on doing the right things in the right way. We specialise in the things we know how to do well, work hard and ensure that we use our skill and knowledge to help our clients consistently deliver successful outcomes from their projects and programs.



Trust

We will always act with integrity and in the capacity of a trusted advisor

Why?

Because we want to establish long term partnerships with our clients and the strongest partnerships are based upon trust



Value

Our focus is always to provide value add, value for money services

Why?

Because we only want our clients to invest in initiatives that reward them and to work with a partner that only ever charges appropriately



Understanding

All of our people have a deep understanding of their area of specialist expertise

Why?

So that you know that our consultants have the appropriate skills in the technology, industry or domain that you are paying for



Experience

In addition to a deep understanding our people have years of delivery experience

Why?

So that you know that our consultants have been there and done it and can anticipate the things that will save you money



Passion

Our business and our people genuinely care and are passionate about what we do

Why?

Because we believe that when you really care you go the extra mile to make sure the job gets done and it gets done right



Pride

We take pride in our own abilities and our ability to ensure you get the right result

Why?

Because we've worked hard to get here and we'll work just as hard to get you and your project or program where it needs to be

Contact us



+61 2 9037 3000

enquiries@novon.com.au