

KNOW TAKING THE LEAD

Rather than focusing on directly appealing to consumers, Mary O'Brien generates leads through tapping into other brokers. She tells **MPA** how helping other brokers' clients get into the trans-Tasman market works for her business



Ever thought of throwing in the Coromandel Peninsula to secure a mortgage deal? Unlikely. But maybe you could if you've got clients interested in New Zealand property, says mortgage broker Mary O'Brien of Sydney-based New Zealand Mortgage Solutions.

The Coromandel Peninsula, located about 165km east of Auckland, is a famed holiday destination for New Zealanders attracted to its pristine waters, white sandy beaches and secluded bays. And it could easily become a popular destination for a mortgage broker's clients if they venture across the Tasman.

Specialising in helping Australian mortgage brokers get their clients property finance in NZ, O'Brien not only owns a modern beach house on the Coromandel Peninsula, but she is also

happy to offer it as a holiday home to a broker's client once they're across the Tasman and are either looking for, settling or visiting their NZ property.

She never forgets the mortgage brokers who refer this type of business on to her. Provided they send her enough work, brokers could find themselves kicking back at O'Brien's other holiday property located at Culburra Beach, around 200km south of Sydney, near Nowra.

Follow the lead

It's certainly a novel way of attracting

leads, although O'Brien doesn't solely rely on her holiday homes to generate business. Rather, she focuses on alerting Australian-based brokers to the benefits of the NZ property market, and to how they can gain financially by sending clients her way.

Her own experience and credibility

BROKER STATS**Name:** Mary O'Brien**Position:** Principal**Company:** New Zealand Mortgage Solutions**Volumes:** She says it's hard to compare considering lower average loan size in NZ**Average loan size:** NZ\$160,000–\$185,000 from a NZ bank**Best month:** "Usually December because of the many Australians combining Christmas holidays in NZ with house purchases, pre-approvals or settlements. The next best performing month is February because Australians have just returned to work after school holidays and are ready to undertake alternative investment overseas"**Worst month:** "Winter months are generally quieter as ski holiday purchasers are more interested in lifestyle investments rather than rental return or high-yield style investments. Australians mainly seek the latter in NZ"**Conversion rate:** Conversion rate is around 90% because O'Brien's clients fly to NZ to look at the areas they wish to purchase in. Unlike Australia, this is an extra effort on the client's part because they are serious about investing in NZ

are critical to initially attracting leads. O'Brien, who only ventured to Australia in 2002 after her fiancé was posted here for work, began as a broker in Auckland in 1999. Before that she spent time at her father's residential construction firm, and in an Auckland-based legal firm.

It's these varied, yet relevant roles that have allowed O'Brien to develop close links with NZ lenders – she's accredited with around 15 lenders there. She also has links with real estate agents, solicitors and property valuers, among other professionals.

Gathering momentum

Having the experience to handle NZ transactions is one part of the jigsaw. The other is making sure Australian brokers are aware of what she offers. She achieves this in several ways, including articles in the *Australian Financial Review (AFR)* and various other financial publications. She's even appeared on TVNZ.

Networking also provides her with plenty of leads. The circles she treads in include a Chamber of Commerce, MIAA get-togethers, and lender Christmas parties, to name a few.

Aggregators are another important

source of leads, with many pushing their brokers in her direction. O'Brien's attendance at a monthly meeting of Choice brokers is an opportunity for her to inform them of what she does and how she can benefit them and their clients.

"Everybody in Choice around Australia knows me because I go to the annual conference, wherever it is, and there's a lot of brokers there from all over Australia," she says. "I get referrals from all over the country."

Word of mouth then spreads



O'Brien says using her car as a promotional tool for her business has generated eight enquiries since it was painted in December 2005

O'Brien's message further afield, with brokers talking to other brokers about NZ Mortgage Solutions at training courses and industry conferences. This is enhanced by business development managers at some of the bigger lenders, who also send leads O'Brien's way.

Her car also gets in on the act, with a silver fern and her company's name prominently displayed along both sides of the vehicle. This alone has generated eight enquiries since the car was painted in December, three from brokers and five from people living locally.

Consumers do come direct to O'Brien too, with many referred to her by both Australian and NZ-based real estate agents, banks and solicitors.

Yet like many businesses, her most lucrative source of referrals come from existing customers. They can either be a customer refinancing to buy another NZ property, or through recommendations to friends to follow their lead and get into the trans-Tasman market.

Trust development

Naturally, Australian mortgage brokers aren't just going to hand over their clients immediately. They want to know that the client will remain theirs in terms of Australian-related lending. It's something O'Brien stresses when she first deals with local brokers, to the point where she puts the terms of any arrangements they come to over the telephone in writing.

She's only interested in the client's

NZ-related business, and while she also handles mortgages in the Australian market through Choice, O'Brien stresses she has no intention of stealing clients. Instead, mortgage brokers should see her business as an adjunct to



their own, almost like having their own NZ division.

Furthermore, local brokers still have a role to play in securing finance for a NZ property purchase, O'Brien points out. "The Australian broker's involvement in

the purchase is to provide me with the proof of 10% or 20% deposit for the New Zealand property," she says.

These funds are sourced from Australian lenders and, as such, the broker can secure their normal commissions on this part of the deal.

Generating interest

There are a number of other ways O'Brien taps into locally based brokers. She often obtains enough finance secured on an NZ-based property in order for a New Zealander to build up a large enough deposit to buy an Australian property – then the remaining

part of the mortgage is financed by the broker in Australia.

With the higher property prices in Australia, this can often mean the difference between a client paying

HOT TIPS ON NZ

O'Brien offers some information for mortgage brokers to pass on to clients interested in New Zealand property:

- The hot places are currently Queenstown or coastal areas in the North Island for lifestyle and capital reasons.
- For rental returns, most Australians are purchasing houses or townhouses in the South Island. House prices are still affordable and rents are generally high.
- Lenders aren't so keen on Auckland-based apartments with small square metreares (less than 45sqm) or serviced apartments. Also, be wary of buying in towns heavily reliant on one industry.
- There's no need in 99% of cases for the client to pay an establishment or set-up fee to the banks for regulated loans.
- There's no stamp duty, land tax and very little in legal fees in New Zealand.
- New Zealand has strict earthquake regulations in relation to house construction. Check the property meets these requirements.
- Australian mortgage brokers need not bolster their client's line of credit on Australian property up to the maximum limit for them to use on a New Zealand property. This can prevent the client obtaining a loan in New Zealand as lenders may consider them overcapitalised.

mortgage insurance or not. "New Zealand-based parents are shocked at Sydney prices and are generally happy to top up their New Zealand house to help their adult children living in Australia," O'Brien says.

"This makes it very simple for the Australian broker obtaining 80% finance on their first Australian home."

Similarly, immigrants who may have initially moved and settled in New Zealand only to then shift across the Tasman, often need access to New Zealand funds to help with their purchase of Australian property.

"I help many brokers who deal with immigrants obtain a 20% deposit plus stamp duty from their New Zealand properties which many rent out when they go to Australia," she notes.

Brokers in Australia may also be able to direct their lo-doc clients to the land of the long white cloud. O'Brien says Australian residents are eligible for lo-doc loans through some lenders, enabling them to secure up to 90% finance.

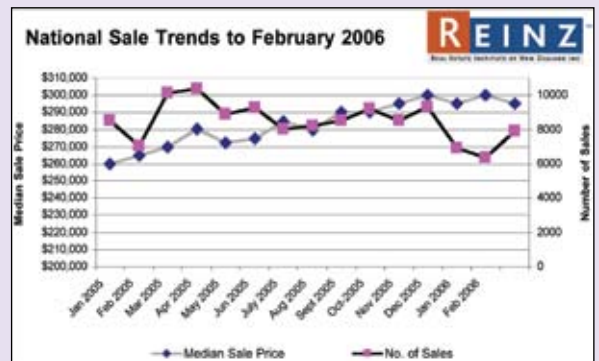
PROPERTY PRICES IN NZ

According to the Real Estate Institute of New Zealand (REINZ), while the national median price for residential property fell NZ\$5000 from its record high to \$295,000 in February, eight of the country's 12 regions still managed a price rise.

REINZ national president Howard Morley says that while the market showed some signs of recovery in February, some caution was warranted as the Reserve Bank of New Zealand looked to tighten interest rates, and consumer and business confidence softened.

The leading region in the year to February 2006 was

Taranaki, up 29.01%, followed by Northland, up 26.72%. Of the larger cities and regions, Auckland was up 8.45%, Wellington 10.20% and Canterbury/Westland up 11.76%.



Hassle-free

With expertise in the NZ market, O'Brien helps brokers with their clients' NZ enquiries. She assists brokers, who refer business to her, in meeting a client's needs in ways they never thought possible.

Not only does the client gain, but the broker also gets something out of it by being able to fund part of the transaction using Australian lenders.

O'Brien personally helps push some

property deals through – from obtaining loan pre-approvals to aiding clients find real estate agents, solicitors and property market information resources. This only adds to the service the Australian broker and their client gets to enjoy.

"The most important reward is customer satisfaction," she adds. "I'm there to keep the Australian broker's customer happy so they return to them for future Australia-related finance." MPA