

## CASE STUDY: Heritage Real Estate

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Heritage Real Estate is a real estate agency that specialises in distinctive properties. HRE accepts listings of properties from throughout Australia and using the particular characteristics of that property, identifies its potential market and takes appropriate steps to sell the property. One would not expect to find a 'renovated terrace house in Richmond' amongst its listings. One would find 'the most outstanding example of Victorian terrace in Richmond', or 'property which played significant role in the white settlement of Australia', or 'a property with the only known natural occurrence of wimoy grass'. HRE sells to many different types of buyers, ranging from large mining companies, to individuals. To deal with this kind of property, the agency has implemented a section which specialises in identification, evaluation, and recording of the properties.

The following is an edited transcript of interviews held with staff at HRE.

Alex Smith, Executive officer, HRE.

Q: What is the purpose of the system that you are proposing?

R: One of the aims of this company is to sell specialist properties. To do this effectively, we must be able to accurately evaluate the comparative features of properties with similar characteristics. By recording our evaluation, valuations and final sales result, the company should be able to improve its advice to sellers and buyers. What HRE is after is a way of recording all of the relevant information regarding properties and buyers. This data can then be analysed and used in several ways. Marketing will give you more detail on that.

We are not looking for a system to do our accounting. This is adequately handled. We are really looking for an effective system for retaining information about properties and factors which affect the sales of these properties. We would also like the system to assist with the identification of target markets.

It is important that you recognise that this data will not be discarded when the sale is complete. We wish to develop a register of properties that makes HRE the first stop for purchasers that are after 'distinctive' properties. We need to be aware of properties that are currently for sale, but also we may approach owners of a property if we identify a potential buyer.

Q: What is a 'distinctive' property?

R: We have several categories. Island properties, historically significant, natural beauty, period excellence, natural site, and several others.

Jayne Smith, Marketing.

Q: How would data collected on properties assist your marketing efforts?

R: It would assist with the identification of markets. By analysing the buyer profiles we may be able to determine a successful marketing strategy that attracts those buyers. Similarly, an analysis of the properties we have listed may reveal a marketing possibility.

Q: What kind of data will be needed for this analysis?

R: As much detail regarding the sale of a property as feasible will be kept. This may identify useful sales patterns, or identify market areas that are not fully exploited.

After sale of the property, HRE will keep all the information collected on the property on file. This can be reused in the future if the property comes on the market again or a potential buyer is identified.

A record is also kept of buyers, or potential buyers, if they appear to be common purchasers of properties with distinctive characteristics.

Q: Its obvious that you need to keep information on properties and buyers. I don't see how this will help with identifying new markets. Would you give me more detail?

R: When a property is offered for listing by a potential seller, an assessment will be made. An initial evaluation can be completed by phone. This will be used to gather basic information like its location, contact information, title information, as well as a brief description of the property.

If the property fits within our criteria, we perform a more detailed analysis. This involves visits to the site and making contact with relevant persons regarding the 'distinct' characteristics of the site. The staff member that makes this evaluation will then prepare a description of the property in general as well as descriptions of its dwellings and the property itself. These

descriptions may be useful for identifying classes of properties that should be marketed together because of similar characteristics.

HRE would like to be able to identify parts of the market which are not fully exploited. These descriptions, looked on as a whole, may help us to identify these markets.

Q: What happens to properties that are not listed?

R: If the property is deemed as inappropriate for our listings, we recommend another agency. We try to establish a cooperative arrangement between other agencies where they notify us of properties that we may list in exchange for those that we reject. Often some sort of mutual consideration is agreed to as well.

Q: Do you retain the sole rights for the sale of the property?

R: Often properties will be jointly listed with another agency to increase the exposure to potential purchasers. In this situation, we are considered the primary agent and take responsibility for the sale. The agent that provides the joint listing does receive a commission depending on the sale of the property. If the purchaser was originally identified by them, they receive a higher commission.

John Clarke, sales.

Q: Will the system need to record sales information?

R: I think that sales information could be useful for targeting potential markets. Analysis of sales information may identify a sudden change in activity in a given area. It may also help us identify purchasing patterns of our client base.

Q: How do you see that collecting information on the sales of properties can assist you?

R: We could analyse the effectiveness of various sales and marketing approaches in relation to the characteristics of the property. We could use this to refine our approach. This we would have to organise in conjunction with marketing.

Our company is recognised as one of the leaders in this area of the market. Since we target such a niche market, we have to be in touch with the needs of both purchaser and seller. We do have an established base of clients that actively pursue these types of properties. These purchasers rely on our assessments of the properties so it is essential that these assessments be reliable.

Sales can be generated in several ways. An owner may request that the property be listed, a potential purchaser may inquire about the availability of specific types of properties, a large group of potential purchasers of specific types of properties may be recognised, or we may identify properties that attract specific clients. Using these ideas, and the new system, we hope to be able to expand the last two categories.

**Q:** How do you hope to expand these categories?

**R:** We plan to employ some staff to identify and evaluate potential properties. These properties would be evaluated under several criterion. Obviously each property would vary in its potential within each category, but what is important is to identify possible profiles that may match requirements of purchasers. We would perform similar analysis on our purchasers. With any strong indication of a market, we would seek to identify properties that match.

**Q:** How do you plan to evaluate each category?

**R:** Staff members will complete at least three written descriptions of each property. This needs to be stored in electronic format so that we can quickly incorporate it into advertising campaigns or send it to potential purchasers. These descriptions will be on the site, the dwellings or buildings on the site, and the property as a whole. Besides these descriptions, we have developed a range of evaluation criteria, or categories, that properties can be evaluated against. Each property would be evaluated against only those criteria which are relevant to it. The evaluation would take the form of a short paragraph and a scaled rating that would apply to the particular criteria. For example, some criteria may require a 'high' or 'low' rating only, others may require a much more detailed scale such as Late 19<sup>th</sup> Century, no renovation, Late 19<sup>th</sup> Century, heavily renovated...

**Q:** Do you see the system supporting the tracking of sales?

**R:** It would be convenient if it did. This may help to identify sales profiles that will assist us in identification of markets, as well as assist salespersons with their day to day tasks. It would be useful if the system would identify potential purchasers/sellers as we as record those which show an interest in a particular property.

Q: What kind of data do you think the system retain on properties?

R: The basic information such as address, location, a description, and owner. To assist our sales staff, it would be useful if it would keep contact information for any particular property. The descriptions we keep on properties discuss more aspects of the property than size and buildings. A discussion of the properties significance is also relevant. You might notice that since some of our potential clients are large organisations, we may have different contacts within an organisation for each property. Since we deal with properties and clients internationally, we would like to keep several photographs in electronic format on file as well. For many properties, it is important to list the relevant government authorities that may have some control over the property, such as building, clearing or heritage regulations.

Q: What kind of information on buyers do you intend to keep?

R: We would like to develop a profile on our regular 'buyers'. This will assist in recognising them as a potential purchaser of any properties that we list that match their profile. It may also be relevant to identify profiles of the once off customer to try to identify patterns and trends that may be useful to either sales or to marketing.