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Property product flexible to fee/commissions debate

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With disclosure and fee flexibility at the forefront of concerns, Quantum Warrants claims that their online property warrant offering for self-managed super funds, Quantum PropertyLink, enables the client and adviser to discuss remuneration and choose the best model.

Quantum Property Warrants enable direct investment in residential property. Managing director Peter Gribble said the adviser can use the online service to confirm with the client what they will charge and how, as well as what level of commission rebate they are able to give the client.

“Because of the relationship we have with the developers, we are able to get the real estate commission that normally the investor or the adviser would never get,” said Gribble. “That can be paid to the dealer group or they can rebate that back if they have a fee-for-service model.” Gribble said the client can receive the rebate on settlement of the property in the form of a cash reduction on the purchase price, which can be a substantial sum (up to \$10,000 per transaction).

The client is also able to check the progress of their investment online on a monthly basis.

Gribble said the feedback from financial advisers has been positive in that it is a new and simple product offering for their clients.

Gribble said the investments should deliver strong yields over the next few years as rental rates rise due to the property shortage in Australia.

“The risks in our product are not dissimilar to the normal risks associated with direct property, and those risks tend to revolve around typical finance and ensuring you’ve got a tenant. And they shouldn’t have a problem with the latter – they can probably afford to be a little bit choosy,” he said.

Quantum hopes to secure some National Rental Affordability Scheme stock, which they feel would provide a higher yield of between 6 and 8 per cent.

“We feel there’s also an opportunity to negotiate better pricing with the property developers and lock down a substantial proportion of their development or a certain percentage of the presale.”

Gribble said that they are looking at the opportunities overseas, and are considering the regulatory, taxation and funding hurdles before they look to the potential for residential property investments in the UK and the US.