A man in a dark suit is shown in profile, looking out of a window. His hand is resting on his chin in a thoughtful pose. The background is a blurred city skyline at dusk or dawn, with warm light from the sun low on the horizon.

Real estate resilience e-Book

Your business and coronavirus

I bank with Macquarie



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Guide


Business intelligence

4 May 2020

Key takeaways

- It's essential to have clarity around the drivers of your business performance, to help you make more informed decisions
- Start by determining your break-even point and current cash reserves, so you can calculate how long your funding runway is
- Then look for opportunities to reduce costs or increase working capital

Business intelligence for positive decision-making

With revenue lines under increased pressure as a result of coronavirus (COVID-19), it's more important than ever to understand your business' financial structure. By gaining a deeper understanding of the drivers of revenue, costs and profitability, you can pull the right levers to sustain your business through this period of uncertainty. According to our [2020 Real Estate Pulse Check](#)  margins and profits were already declining before the pandemic, so businesses need to take swift action. Even those performing relatively well can benefit from removing inefficiencies and waste, at a time when both sales and property management revenues are likely to be impacted.

In this guide, we've listed some of the key questions you need to ask to gain a greater understanding of your business position and the way forward.



[2020 Real Estate Pulse Check](#)

1. Calculate your costs and your breakeven point

- What is your breakeven point? This is the point at which the business can meet its fixed costs, such as rent and premises, technology, and salaries
 - How much revenue is required from property management and sales income to meet your breakeven point?
- What are your variable costs? How could they change in the current environment? What impact will lower sales volumes have on marketing, administration, and growth-focused activities?
- What are your fixed costs? Should you reduce them in the current environment? Can technology assist? Do you have an appropriate staffing structure/mix? Is there waste or inefficiency in the business that can be removed or improved?

2. Analyse and forecast income

- What is your recurring income from property management and leasing fees? How could a rise in unemployment impact rents across your property management portfolio?
- How reliant is your business on sales income? What impact do you expect coronavirus containment policies to have on listings and sales?
- Try modelling different scenarios of how sales and property management fees may be impacted under best, worst and mid-range scenarios. What would your breakeven point be?





3. Review working capital

- How much cash can you access, both in and outside the business?
- Do you have an overdraft, line of credit or other cash flow buffer?
- Have you conducted a six and 12 month cash flow forecast for your business, adjusting for softer trading conditions. How does this forecast reflect any savings measures you can implement? Does it show liquidity through this period?
- How much support will you receive from federal and state assistance packages? Make it a priority to talk to your accountant and your financial institution, so you can quantify the impact of possible support measures, including:
 - Boosting cash flow for employers: a tax-free cash boost of \$20,000–\$100,000, delivered as a credit against future BAS payments
 - JobKeeper: a six-month wage subsidy of \$1,500 a fortnight for eligible employees
 - The Coronavirus SME Guarantee Scheme: a federal government guarantee for 50% of unsecured loans up to \$250,000.



[Find out more about access to support](#)

4. Consider owners' drawings

- How much do you and the other business owners currently draw from the business?
- Can you review your personal budgets and reduce costs?
- Is it feasible to temporarily lower your drawings, to reduce pressure on the business?



Guide

Controlling costs

4 May 2020

Key takeaways

- Maintain business fundamentals, while looking for better ways of doing things
- Reducing costs may be a powerful lever you can use to keep your business healthy and resilient.

Reducing pressure and boosting resilience

When business is buoyant, it's easy to absorb the long-term financial impact of building additional costs into your business. However, in a time of crisis accumulated inefficiencies may begin to bite.

Reducing costs may be a powerful lever you can pull to take pressure off your business and increase the likelihood that you'll emerge from the current crisis in strong form.

Here are four areas to review right now.

1. Staff costs

Staff costs are overwhelmingly the largest expense category for most agencies, so ensuring that your staff are working effectively is critical.

- Do you have plans in place for staff who may be inactive during the crisis? How can you better point them to activities that will benefit the business in the long term?
- Have you ensured that administrative and support staff are focused on higher impact or priority tasks?
- Are there any ways to review current processes and identify which of those may be improved with the support of technology?

2. Occupancy costs

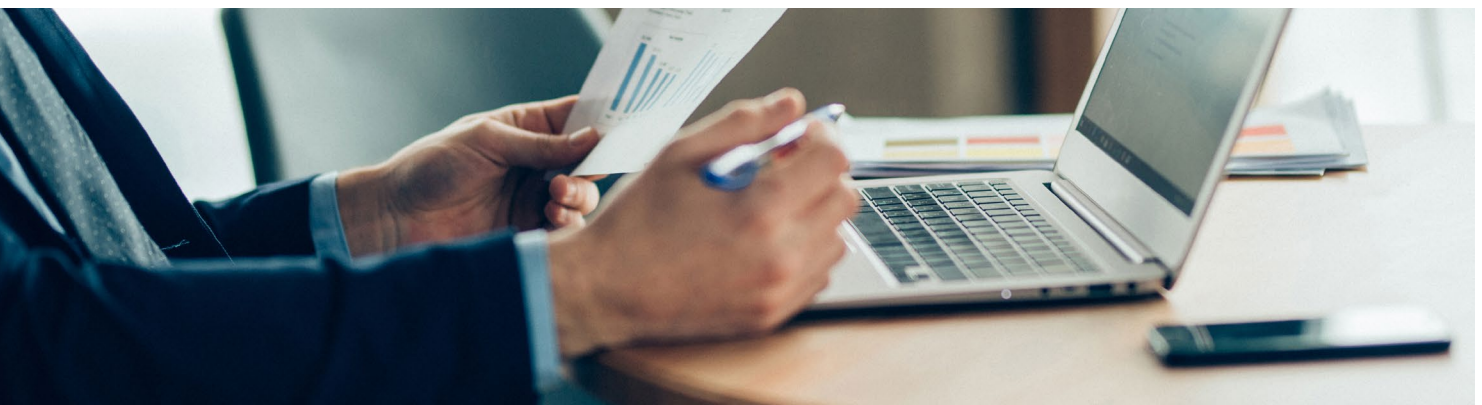
Are you familiar with federal and state government measures to support commercial tenants?

3. Franchises and subscriptions

Some franchisors have committed to supporting their agencies through the crisis, so this could be a good time to discuss your situation.

4. Personal budgets

It may be beneficial to review your personal budgets, and obtain guidance on the various initiatives that may be available to you.



Resources

Read more about government measures to support commercial tenants:

State	Link
Federal government	Read more
ACT	Read more
New South Wales	Read more
Northern Territory	Read more
Queensland	Read more
South Australia	Read more
Tasmania	Read more
Victoria	Read more
Western Australia	Read more





Guide

Leadership

4 May 2020

Key takeaways

- In a time of crisis, it's important to lead from the front, taking decisive action and sharing a clear vision for the future
- Establishing an open and transparent dialogue with your team will help bring them on the journey and give them the opportunity to be part of any solutions your business works towards
- Communicate a sense of energy and optimism while looking for positive changes to support the long-term health of the business.

It's time to lead

Effective leadership takes on additional importance in a crisis. Right now, your staff may be looking to you for answers and guidance, both about the future of the business, and about the impact on them personally. The key is to communicate openly and frequently, setting a clear direction and vision for the future – sharing confidence, energy and optimism.



1. Know your team

This is a difficult time for everyone, but some people will feel it more than others. To lead effectively, it's critical to understand the different personalities in your business and be aware of the financial and emotional stress that may be affecting them and to make them feel valued and supported.

- Check in frequently with each staff member to keep them on track, understand their personal challenges and offer support
- Hold regular, virtual team meetings to ensure everyone is working towards the same goals
- If your staff are working remotely, provide them with opportunities to catch up to maintain a sense of camaraderie and mutual support.

2. Lead from the front

While you need to support your team, that doesn't mean you should delay in making the hard decisions that are needed to help your business survive. The key is to communicate clearly and compassionately, and explain the reasons behind each decision.

- Consider the decisions which should be made now, and be upfront about what you're doing and why
- Share the journey with the team, and clearly explain any challenges facing the challenge your business is facing, your response, and the expected benefits for the business and your staff. They'll be more likely to accept any potential sacrifices if they understand the intended outcome. They may also be able to give valuable input, or provide alternative ways to delivering the same outcome
- Lead from the front – sharing your experiences and share the vulnerability.

3. Cultivate energy and optimism

It's understandable for you and your staff to feel overwhelmed when in the face of so much uncertainty. It's important to focus on moving forward and the things you can control.

- Look for opportunities to make positive changes that will support the long-term health and resilience of the business
- Where appropriate, digitise, automate and embrace technology
- Set clear goals and communicate them with your team
- Cultivate and communicate a sense of energy and optimism, to keep staff focused and motivated.





Guide

Access to support

17 April 2020

Key takeaways

- A wide range of support programs are available from federal and state governments, including direct cash payments, wage subsidies, and other forms of relief
- Consider how to best combine outside support with your own business continuity planning
- Your accountant, business adviser or banker can help you understand the options available to you and your business

Help for your business and your employees

With federal support packages now totalling \$320 billion¹ and the states offering billions more in support, the government response to coronavirus (COVID-19) is unprecedented. In this guide, we've briefly summarised some of the programs most relevant to real estate businesses and their teams.

Remember, each package has eligibility conditions, and every business is different. Talk to your accountant or business adviser about whether you're eligible, and how much you stand to benefit, before you make any decisions.

1. Cash flow support

JOBKEEPER PAYMENT

What is it?

A six-month wage subsidy of \$1,500 per fortnight for eligible employees

Who's eligible?

Businesses with an annual turnover less than \$1bn, whose turnover is estimated to have fallen 30% or more, compared to the same month or quarter in the previous year, or businesses with annual turnover of \$1 billion or more (or is part of a consolidated group for income tax purposes with turnover of \$1 billion or more), whose turnover is estimated to or is likely to have fallen by 50 per cent or more; and is not subject to the Major Bank Levy

How do you apply?

Register on the [ATO website](#)  or read more on the [Treasury website](#) 

BOOSTING CASH FLOW FOR EMPLOYERS

What is it?

A tax-free cash boost of \$20,000 – \$100,000, delivered as a credit against future BAS payments

Who's eligible?

Businesses with an aggregated turnover of less than \$50m who pay salaries or other eligible payments, such as directors' fees

How do you apply?

You don't need to apply. You'll automatically receive the applicable credit when you lodge an activity statement after 28 April 2020

SUPPORT FOR TRAINEES

What is it?

A 50% wage subsidy for trainees, up to a maximum of \$21,000 per employee for the 9 months to 30 September 2020

Who's eligible?

Businesses with less than 20 staff who employed a trainee, as at 1 March 2020

How do you apply?

Contact an [Australian Apprenticeship Support Network](#) (AASN) provider for an eligibility assessment

2. Credit and insolvency

THE CORONAVIRUS SME GUARANTEE SCHEME

What is it?

A federal government guarantee for 50% of new, unsecured loans to small and medium businesses

Who's eligible?

Businesses with turnover less than \$50m, borrowing a maximum of \$250,000 for up to three years, with a 6-month repayment pause

How do you apply?

Talk to your financial institution

TEMPORARY RELIEF FOR DISTRESSED BUSINESSES

What is it?

Temporary changes to bankruptcy laws, including increases in the threshold for creditors to issue statutory demands or start bankruptcy proceedings, and protection from directors' personal liability for trading while insolvent

Who's eligible?

Businesses and individuals in financial distress

How do you apply?

Applies automatically

3. Rental relief for commercial tenants

This scheme was announced by Prime Minister Scott Morrison on 7 April 2020, with some details yet to be confirmed.

What is it?

Mandatory rental waivers and deferrals for businesses that have been impacted by COVID-19

Who's eligible?

Businesses with turnover less than \$50m that are eligible for the JobKeeper program

How do you apply?

Talk to your landlord. Binding mediation schemes are set to be rolled out in each state and territory

4. Tax relief

What is it?

A range of tax relief options will be offered by the ATO on a case-by-case basis, including deferring payments and remitting interest and penalties

Who's eligible?

Businesses with turnover of less than \$50m that are eligible for the JobKeeper program

How do you apply?

Ask your accountant or talk to the ATO





5. State-based and local programs

What is it?

A range of measures from state and local governments
– from direct grants to loan guarantees and payroll tax assistance

Eligibility and applications

See the resources below for details

Resources

Federal government programs

australia.gov.au 

business.gov.au 

treasury.gov.au/coronavirus/businesses 

[Department of Industry](#) 

ATO programs

[Additional support during COVID-19](#) 

State government programs

[ACT](#) 

[New South Wales](#) 

[Northern Territory](#) 

[Queensland](#) 

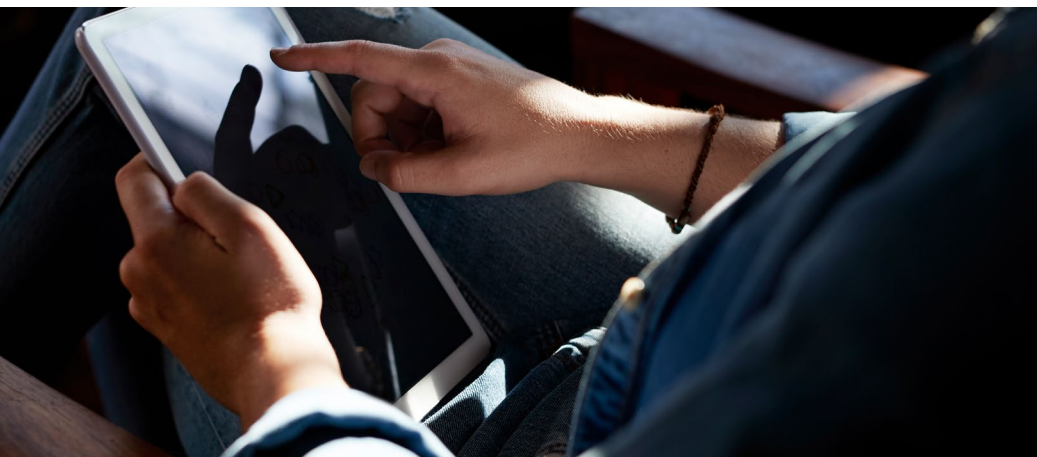
[South Australia](#) 

[Tasmania](#) 

[Victoria](#) 

[Western Australia](#) 

[Australian Local Government Association](#) 





Guide

Business continuity

8 April 2020

Key considerations

- Act early and decisively, to ensure your business can continue to operate
- The steps you take now may directly determine how your business continues – don't wait for external support
- Planning and adaptation may be key for continuity

Why you need to act now


While it's still too soon to tell how significant the impacts of COVID-19 will be on the real estate industry, it's already changing the way many businesses operate. At the time of writing, Core Logic has reported that upcoming auction activity has fallen substantially, with more than 50% of properties withdrawn, and auction clearance rates at their lowest ever levels.² And with the federal government placing a moratorium on evictions, and forecasting that at least 1.7m Australians could soon be reliant on the Coronavirus Supplement,³ property management revenues may also be affected.

At times like these, amongst the tension and pressure of living in a period of rapid and uncertain change, adaptation and planning will be important steps to ensure continuity. While you can (and should consider) taking advantage of the support that governments, financial institutions and others have to offer, it's also imperative to consider acting now, to ensure your business can continue operating efficiently as the situation unfolds.

In this guide, we've listed some of the issues you may wish to consider across five key areas of the business.

1. Efficiency and technology related areas

Review your technology suite to ensure it supports efficient remote working. Tools to consider include:

- Communication and collaboration tools – for example, Skype, Zoom, Microsoft Teams, WebEx
 - Cloud data storage tools – for example, Dropbox, OneDrive, Amazon Drive, Box, Google Drive, iCloud Drive
 - Customer relationship management (CRM) tools – for example, Propertybase, Salesforce, Insightly
 - Accounting and payroll tools – for example, Xero, MYOB Essentials
 - Payment automation tools – for example, [DEFT and DEFT Auction Pay](#) 
- As far as possible, ensure tools are effectively integrated to avoid data duplication and re-entry
- Ensure teams have the tools they need to not simply work remotely, but to collaborate

2. Operations and planning

- Review and update your business continuity plan. Consider high risk contingencies, such as a member of your team becoming infected, and being required to self-isolate
- If your team haven't moved to working from home, consider putting plans in place now, to be ready as soon as it becomes necessary. This may take some time to plan and effect
- Review your processes for manual tasks, and look to automate or digitise wherever possible
- Consider outsourcing tasks that cannot be digitised, if it can be done cost-effectively

3. Finances

- Liquidity and cash flow is important so consider this aspect of your business and any changes that may be required
- Consider reaching out to:
 - Your accountant, to understand costs and ensure you benefit from all available and appropriate government support
 - Your landlord, to discuss options with rental payments
 - Key vendors, such as online real estate sites, to review terms and discuss options for navigating the crisis together

4. Client experience

- If possible, ensure you can support virtual property inspections and remote auctions
- Ensure that your team are aware of their role in influencing decisions, and the requirement to not give advice, which is enforceable by [ASIC](#)
- This technology may become an expectation in the future; so it could be worth considering and investing now
- Create documented processes for potential buyers and tenants to inspect properties via remote alternatives, in line with state health guidelines
- In collaboration with your team, walk through the new client experience, and consider how it can be enhanced
- Reach out proactively to current and potential clients, to let them know what you're doing and why

5. People and culture

- Use collaboration tools to check in regularly with staff working remotely
- Review staff and business structures to ensure you maximise efficiencies in any renewed operating model
- Ensure you understand the federal and state industrial laws that apply to your business and how they may impact you





How Macquarie can help

The Macquarie Real Estate team is here to support you throughout the COVID-19 crisis, with personalised support.

To find out more:

Contact your **Macquarie Relationship Manager** or check out the links below



1800 442 370



Articles
to support
your business



Coronavirus
resource hub



Visit our
website

1 Federal Treasury, [Economic response to the Coronavirus](https://treasury.gov.au/sites/default/files/2020-03/Overview-Economic_Response_to_the_Coronavirus_2.pdf), March 2020 (https://treasury.gov.au/sites/default/files/2020-03/Overview-Economic_Response_to_the_Coronavirus_2.pdf).

2 CoreLogic, National Auction Market Preview – 5 April.

3 Federal Treasurer, [Press Conference](https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/transcripts/press-conference-parliament-house-canberra-10), 23 March 2020 (https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/transcripts/press-conference-parliament-house-canberra-10).

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