

TOP COMMERCIAL  
BROKERS 2011

# MAPPING THE

# FUTURE

It's that time of year when MPA honours the cream of the commercial finance crop. BARNEY McCARTHY profiles Australia's top 10 brokers in the non-residential space

The number of entries received for this year's MPA Top Commercial Brokers rundown would suggest that the sector has improved since 12 months ago, but the top advisers in this space have been quick to point out that they are still feeling the pinch. Stricter criteria imposed by lenders and economic uncertainty are just two factors making the market difficult, although others acknowledge that the tough conditions also present an opportunity to add value to clients by helping them refinance or improve their financial circumstances.

Despite the harsh climate, anecdotal evidence suggests that more and more residential mortgage brokers are trying their hand at commercial finance in order to diversify their businesses and those with experience in the commercial sphere are adept at identifying new opportunities. MPA would like to thank all the commercial brokers who put themselves forward for inclusion in our list and congratulate those hardy figures that made the top 10. Before we profile the top 10 in reverse order, a short word from our sponsors, Global Capital Commercial.

## Global view



Global Capital Commercial was established more than 10 years ago and was formed to assist home loan brokers to package and place commercial mortgage transactions and - perhaps more importantly - development finance transactions. We now have over 6,500 brokers

and at times over the past few years have averaged up to \$350m in submissions per month with loans ranging from \$1m to \$150m. When the global financial crisis hit, the expectation was that we would experience a dip in turnover commensurate with the industry at the time. Instead we were pleasantly surprised to find our settlements increased. We quickly assessed why.

Over the past 10 years we have built up a robust and diversified panel of over 200 lenders and we have access to funds, and the experience necessary, to package the funding in a manner that provides all parties with the best opportunity for success. We all acknowledge the ebbs, flows and uncertainties in our industry. At Global Capital we strive to go beyond the vagaries of the everyday, believing that there are many ways to reach the mutual objective of that single word "settled".

We offer a broad range of commercial mortgage solutions to the wider Australian broker network. The commercial mortgage market tends not to provide "off-the-shelf solutions" that are available in the home loan market, with most proposals we see requiring a certain amount of "outside the box" analysis and packaging to get the deal across the line. Issues such as type of property, location, credit history, size of loan and availability or non-availability of financials all need careful consideration and assessment, and of course the appropriate lender and product to suit the borrowers needs to be carefully chosen.

We are essentially a back office for our broker clients offering diversified funding sources and an enhanced credit functionality. We are based on a partnership model with our brokers in that the broker sources the deal and retains ownership of the borrower, we perform the back office credit function and whatever fees are generated are shared 50:50 with our introducer.

So there's a bit about us. It is my hope that it is of interest to you and your business and I look forward personally to demonstrating the Global Capital Commercial opportunity to you in the near future.

For now on behalf of Global Capital Commercial, we would like to salute all the brokers who participated in this year's Top Commercial Brokers program and congratulate the winners.

**Bill Salouris**  
Global Capital Commercial



**(Last year: 7)**  
**Name:** Sam La  
**Company:** Brandi Financial Services  
**Location:** Richmond, Vic  
**Settled (2010/11 financial year):** \$16,606,600

**Q: How much commercial business do you write compared to residential mortgage business?**

**A:** It's about a 50/50 split. We've been working on a different marketing strategy to diversify the lead generation streams. Contrary to what most people have done, we started off in commercial and have diversified into residential.

**Q: Are more brokers starting to diversify now?**

**A:** You need to in order to maintain your competitive edge.

**Q: Has the number of lenders in the commercial space stayed the same or have some exited the market due to the tough conditions?**

**A:** If anything there has been something of a resurgence. The large lenders are still there although their appetite for deals is more constricted than what it was and the number of hoops we need to jump

through has increased. From a compliance perspective, there is a duty of care when providing an application for credit.

**Q: What have been the main challenges for commercial brokers in the past year?**

**A:** Economic uncertainty has been the biggest issue. A lot of clients have either experienced a downturn in their profitability, which makes it harder to source funding, or they are sitting and waiting out the peaks and troughs before they'll take their business.

**Q: What types of clients do you mainly deal with?**

**A:** Mainly small and medium-sized enterprises, deals from anywhere around \$100,000 up to \$10m-odd. It's a mixed bag, but we do a fair amount of asset or equipment finance, commercial property as well as cash flow and invoice finance.

*"The large lenders are still there although their appetite for deals is constricted and the number of hoops we jump through has increased"*



**(NEW ENTRY)**  
**Name:** Graham Lee  
**Company:** ARM Finance  
**Location:** Keilor Park, VIC  
**Settled:** \$27,949,507

**Q: How have you found the last 12 months in the commercial sector?**

**A:** We thought we had a reasonable year, but it wasn't as good as previous years. In other years we've written more business and it's been easier to deal with the banks. The

global financial crisis has changed the way banks look at deals. There is a lot more paperwork and information that has to be provided these days.

**Q: What is your split of business between commercial and residential?**

**A:** Probably 60/40 in favour of commercial, but it's becoming more even. I have always focused on commercial deals and passed residential cases on to my colleagues. I mainly deal with leasing, property development and private loans, that sort of thing.

**Q: What's the outlook for the commercial sector in the coming 12 months?**

**A:** There are still good returns being achieved in the property market. In residential there is a shortage and the banks are making it harder and there is not as much land, but there are still good commercial properties around that people are looking at.

**Q: Have lenders remained committed to the commercial market during difficult times?**

**A:** We predominantly deal with ANZ, CBA and Westpac, so they have stayed true. We also use second-tier lenders like Banksia and Suncorp too.

**Q: Are more residential brokers looking to diversify into areas such as commercial as commissions dwindle?**

**A:** With the introduction of NCCP, a lot of residential lenders out there are dropping out. Some small one or two-man operations are being swallowed up by bigger companies.

**Q: What has been the main challenge to your business in the past 12 months?**

**A:** There is a lot of sensitivity in terms of interest rates, which is a challenge for clients. Banks have increased their risk margins to 2.5%+ whereas it used to be 1% or 1.5%.

**Q: What advice would you give to brokers looking to break into commercial finance?**

**A:** Know your product, know your client and know the risk associated with the type of loans you're trying to put together.

**Success in this business comes from many things. But it is judged by only one.**

For over 10 years at GCC we have focused like you on that bottom line - Settled Deals. We have built up a robust and diversified panel of over 200 lenders and have the experience necessary to package your unique funding requirements in a manner that provides all parties the best opportunity for success.

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**The Bottom Line.**



**(Last year: 8)**  
**Name:** Tony Rossi  
**Company:** WHK Lending & Finance  
**Location:** Launceston, Tas  
**Settled:** \$28,164,365

**Q: Your improved settlement figures from last year suggest an improved market. Has that been the case?**

**A:** Yes – we’ve had a very consistent year. The same sort of challenges exist in terms of getting approvals on client’s applications, but there is no shortage of opportunities out there.

**Q: Has it been tougher dealing with the lenders?**

**A:** They have certainly become more stringent and I can only see that continuing to be the case. It means that operators such as ourselves have to be more professional in the way we approach things and make sure we reveal all the positives about an application when we’re doing it.

**Q: Have lenders remained committed to the market?**

**A:** There hasn’t been any wavering in the Tasmanian market. There’s certainly an opportunity for some of the smaller lenders to expand their portfolio lists as clients from the major banks look to refinance.

**Q: What specific type of commercial business do you handle?**

**A:** Of the \$26m of settlements I handled, I would say \$22m of that was pure commercial, with the other \$6m being accounted for by

equipment finance. To break down the commercial even further, it’s a mixture of commercial property and traditional working capital finance such as invoice financing.

**Q: Are more residential mortgage brokers diversifying into areas such as commercial finance to boost their bottom lines?**

**A:** Yes, industry reports are confirming that. It’s not just commercial finance, but forming alliances with risk insurance writers and financial planners as well.

**Q: How do you see the commercial market faring in the months ahead?**

**A:** I’d say we can expect a similar operating environment to the past 12 months, particularly for the Tasmanian market. I don’t see it dropping off at all and as the GFC hits further we may find more and more enquiries from those clients who need to refinance to review their banking arrangements.

**Q: What would your tip be for brokers looking to enter the commercial market?**

**A:** Commercial broking is something you can’t be half into. You’ve either got to be all in it or not in it at all. If you’re not in it, form an alliance with someone who is good at it, which can be just as good as doing it yourself.



**(NEW ENTRY)**  
**Name:** Tom Waltham  
**Company:** Capital United  
**Location:** Adelaide, SA  
**Settled:** \$30,051,000

**Q: Has the commercial market been tougher than usual of late?**

**A:** It’s certainly been challenging. Credit appetite is harder, but it opens up further opportunities for consulting from the third party channel. People are becoming more open to intermediaries because of the value add and the connection to avenues of finance.

**Q: Are lenders becoming tougher?**

**A:** They certainly are. We’re finding the due diligence lead time on a commercial deal has probably doubled or tripled. Since prudent lending policy came in last year it has been more about cash flow and security combined.

**Q: Do you deal with residential mortgages in addition to your commercial business?**

**A:** My background is accounting, then I did a bit of private equity and venture capital business at NAB, then I spotted an opportunity as a commercial intermediary as I was getting referrals from legal and accounting firms and no-one was really servicing small and medium enterprises in the commercial space

in my area. I probably handle 80% commercial business.

**Q: Are more residential brokers starting to venture into the commercial sector?**

**A:** That’s where a lot of them should be going, but it’s a case of whether they can get there. Banks are making it harder for them – they’re not accrediting them and the barriers to entry to get into commercial are challenging. Most are adopting an 80/20 rule where they only look after the top 20% where they mostly get business from.

**Q: What would be your advice for brokers looking to try commercial for the first time?**

**A:** It’s important to upskill, attend professional development days and speak to commercial bankers to learn what you can.

**Q: What type of commercial cases do you handle?**

**A:** It’s a mix of straight consulting and direct dealings with banks. It’s anything from cash flow funding to commercial property finance to private lending.

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**(NEW ENTRY)****Name:** Ismail Ozsoy**Company:** Touch of Finance**Location:** Campbellfield, Vic**Settled:** \$32,790,000

**Q: How have you found the commercial market over the past 12 months?**

**A:** It's been good to me. If you had asked me last year it would have been a different answer though.

**Q: Do you write residential loans in addition to your commercial business?**

**A:** I do both, but the focus has been on commercial in the last 12 months. As a company we've always offered commercial, but my ex-partner wasn't very comfortable with those types of loans so I used to handle them. I went to see business people and got referred on to other clients. Once you do one deal with someone, they refer you on to big clients. Last year I would say 60% of my business was residential and 40% was commercial.

**Q: How did you first branch into commercial lending?**

**A:** I was an ex-bank manager lending residential loans, before I became a broker. It was clients' needs that made me move into

commercial, I wanted to service their requirements. I didn't want to tell them I couldn't help them or send them somewhere else, so I made sure I sat down with former colleagues from the bank who were commercial lenders and they showed me the ropes.

**Q: Are more residential brokers starting to diversify into commercial finance?**

**A:** Diversifying is vital – you can't just wear one hat, you've got to have a few on.

**Q: What are the biggest challenges facing the commercial market?**

**A:** Response times from the banks have worsened – they seem to be taking a lot longer than usual to get back to us. I'm lucky I have direct accreditations with a couple of the banks.

**Q: What's the outlook for the commercial market?**

**A:** At the moment, it's struggling. There are indications that rates are going to be held or cut, which would bring some excitement back.

**Q: What type of commercial finance do you usually handle?**

**A:** Development and commercial purchases.

**(Last year: 4)****Name:** Veki Brdjanin**Company:** UniQ Finance Australia**Location:** Port Melbourne, Vic**Settled:** \$39,536,850

**Q: How have you found the past 12 months in commercial finance?**

**A:** It has been tricky because of the uncertainty in the market. We spent a lot of time focusing on our residential book this year to bring back that diversity into our books.

**Q: Did you start off as a residential broker and then move into commercial at a later date?**

**A:** Yes. I diversified into commercial finance after I had been handling residential cases for a few years. It was a conscious decision to diversify my knowledge base, diversify my income flow. You get residential clients who end up buying a commercial property and if you can't fund that transaction you might lose the home loan business too.

**Q: Are more residential brokers looking at diversification and commercial finance in particular?**

**A:** I don't think they are doing it, a lot of people are sticking to what they know what with the uncertainty in the market. Brokers who have recently joined the industry are

already deciding to leave the industry. Those of us that have been around for six or seven years are looking at all forms of income diversification. A lot of guys now have financial planning arms to their business or are getting their own financial planning licences.

**Q: Does the care of duty required under licensing necessitate this diversification?**

**A:** Selling insurance and aligning yourself with insurance providers comes under that as well. You've got to do that to be able to survive. To be profitable you would rather be in a situation where you can sell some insurance to the client, get a financial plan for them in place or do some real estate residential. You go from earning \$1,000 a client to \$3,000 or \$4,000, all by providing a service they actually need.

**Q: How have lenders in the commercial space been?**

**A:** They are being tougher with criteria. This line of policy they've been taking is probably one we always should have had. It's what I was accustomed to seven or eight years ago and some lenders became loose on their policies since then. They are now issuing finance to parties who can actually afford it. If you can't stand up to bank scrutiny, the chances are you shouldn't be taking on the loan.

**Q: What's your outlook for the commercial space going forward?**

**A:** The Australian economy has proved its resilience. We have a lot of good fundamentals including the mining boom. We are dependent on China. There's still some good commercial buying out there at the minute, vacancy rates our down and occupancy rates are up. On top of that, the more fluctuations we have with rates, the more it opens up opportunities for finance.

**(NEW ENTRY)****Name:** Scott Smith**Company:** Cairns Finance**Location:** Cairns, Qld**Settled:** \$51,404,621

**Q: Are you solely a commercial broker or do you handle residential mortgage business too?**

**A:** Commercial finance probably accounts for 90% of my business. My background was as a senior commercial lender with NAB and I spent 21 years there, so commercial is my main bag. I do residential, but I don't market myself that way. I've done quite a few home loans this year, but it's more of an incidental thing than my main focus.

**Q: What types of commercial finance do you focus on?**

**A:** Property development, subdivision and construction have always been areas I've worked in, both in my time at the bank and since then. Since the GFC, property construction lending hasn't been anywhere near what it was.

**Q: How has the local market been up in Cairns in the past 12 months?**

**A:** Very soft – it's been quite subdued. It has created challenges, but it's also created opportunities to review the financial position of

those affected directly or indirectly by businesses that may be suffering financially. A lot of my clients are outside Cairns as well, so I've got a wide network.

**Q: Are more residential mortgage brokers attempting to diversify into commercial finance?**

**A:** I'm not getting the same level of referrals from existing residential brokers as before. That used to be a big part of my business when I started five years ago – residential brokers would ask me if I wanted to take over the equipment finance for a particular client or their business commitments on a referral basis. That hasn't occurred to any substantial level in the last few years, so it's my understanding those brokers are trying to tackle commercial themselves. With some of them, they are probably better off earning a portion of the commission I might share with them as opposed to getting 100% of nothing when the deal gets declined.

**Q: Have lenders become tougher to deal with?**

**A:** I don't think so. What frustrates me though is a lack of consistency. I feel sorry for a lot of the bankers I deal with as they don't always understand what it is head office is looking to achieve. The way policies are amended or varied isn't always communicated to those in decision-making or client-facing roles.

**Q: What's your outlook for the commercial sector?**

**A:** As every year rolls round we look forward to getting the last one out of the way. It's probably going to be another fairly subdued year. Hopefully discussions about interest rate rises at a wholesale level will start to dissipate a little more. The crystal ball is a little fuzzy, but we've probably hit a point where it's not going to get worse.



**(Last year: 3)**  
**Name:** Daniel Zadnik  
**Company:** Hawthorn Finance  
**Location:** Hawthorn, Vic  
**Settled:** \$53,000,000

**Q: Was 2010/11 a tough year?**

**A:** During the global financial crisis banks weren't as focused on their clients, but as the market improved they have started to look at growing their books and protecting their client base again. I'm grateful for the support provided by my colleague Jarrod Hodges, my aggregator AFG and the panel of commercial lenders.

**Q: Are banks tougher now?**

**A:** They are looking for quality now.

**Q: Do you do residential business as well or do you concentrate solely on commercial?**

**A:** Yes we do and it's something we concentrated on in the last financial year – diversifying our book between commercial where we write big volumes and residential where our numbers were up.

**Q: Did you begin as a residential broker and then diversify into commercial or was it the other way?**

**A:** We've always had a reputation for being strong in commercial, but as we've established that reputation,

directors of companies have asked us to look after their personal needs and that of their employees and it's an area we intend to grow.

**Q: Are more residential brokers looking to take advantage of the opportunities commercial finance affords?**

**A:** The commercial market requires a stronger skillset as commercial debt is a lot more volatile. You might do a \$5m deal in commercial and in two years' time it may be paid down or the asset sold and the debt goes, but if you do a residential loan for 30 years the debt sits there longer.

**Q: What type of commercial finance do you specialise in?**

**A:** We specialise in traditional senior debt lending for working capital purposes or property.

**Q: How do you see the commercial market faring in the year ahead?**

**A:** Our early numbers are solid, but volatility in the equities market has caused uncertainty. The residential investment market softened in the last few months.



**(Last year: 2)**  
**Name:** Danny Masri  
**Company:** Mortgage One Australia  
**Location:** Parramatta, NSW  
**Settled:** \$142,632,153

**Q: How did this year compare to the previous 12 months?**

**A:** The beginning of this year was tough, but the back end of last year was good. Things are slower now.

**Q: How have lenders been?**

**A:** Pricing has come back and is a lot cheaper now. It's a new playing field post-GFC.

**Q: Are more residential brokers trying their hand at commercial?**

**A:** There's nothing too complex about funding a \$500,000 shop for someone, but when you get into the more technical stuff such as large sub-divisions or commercial developments you need to know what you're talking about. On top of that, we do specialist stuff like pharmacy lending and you have to know the dynamics of the trade.

**Q: What's your outlook for the commercial market?**

**A:** Retail is tight and some of our clients are struggling. Pre-sales are a lot harder to get at this point of time and the market is pretty shallow unless you're close to the CBD.



**(Last year: 1)**  
**Name:** Ranjit Thambyrajah  
**Company:** Acuity Funding  
**Location:** Pennant Hills, NSW  
**Settled:** \$209,350,000

**Q: How do you feel to be number one again this year?**

**A:** I feel honoured to be the top commercial broker two years in a row. It's been a hard year, but we've worked hard to try and stay on top.

**Q: How tough has the commercial market been in the past year compared to the previous year?**

**A:** I believe it has settled down. The rules that apply to getting a deal successfully placed haven't changed

very much. It all boils down to what makes credit and what doesn't and those factors are the same. Clients seem better informed on what will be a successful transaction, which makes the job easier.

**Q: How much do you focus on commercial finance as opposed to residential business?**

**A:** Mainly commercial. The only residential business we now do is spin-off that results from commercial transactions we handle. We had a mortgage management arm for residential, which we've now closed, largely due to legislation. It was hard to comply with the variety of legislation being introduced and justify the expense of running the two businesses. With commercial, we've had a very good success rate, so it seemed an obvious decision to focus on commercial finance.

**Q: Are more residential brokers starting to diversify into commercial finance?**

**A:** I think more people are starting to move into it, but I think a lot of brokers have difficulty knowing how to do it successfully. The only way to do it is to team up with someone who is experienced. Commercial finance is very unlike residential business – you need a

good understanding of a great variety of business types and if you haven't had a lot of experience, it is impossible. We've been doing this for more than 25 years now, so over that time we've gained the knowledge and kept up to speed with the changes, and that's why we're successful. Someone who was a commercial expert 10 years ago may not necessarily be a commercial expert today.

**Q: Are there any particular areas of commercial finance you specialise in?**

**A:** We're able to do most things that come through the door, but looking at our statistics it becomes obvious that we do the large ticket items quite well and they are usually development finance and specialised securities. Specialised securities are things like pubs, clubs, nursing homes, hospitals and the like.

**Q: How does the process for specialised securities unfold?**

**A:** There are a lot of licensing issues to be aware of in terms of schools and hospitals. We also get involved in people wanting to refinance to a better structure, so an existing business that wants to improve its viability or financial commitments.

**Q: What's your outlook for the next 12 months in commercial finance?**

**A:** I don't see the market easing up. Our attitude in this office is to work very hard to get things done and there's a lot of effort that goes into placing transactions. We don't expect that to change in the near future, especially in light of developments in America and Europe – I don't believe Australia can be immune to it, we must be affected by what has happened overseas. **MPA**

