

Market will keep growing says Mr Rent.com.au, Mark Woschnak

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Mark Woschnak, Managing Director and CEO of Rent.com.au. Source: News Corp Australia

Despite the ongoing homebuying spree by Australians on the back of cheap mortgages, rent.com.au founder Mark Woschnak believes the real growth in the sector lies in the rental market.

Nearly 30 per cent of the population lives in rented accommodation. As home ownership becomes less affordable and renting turns into a lifestyle choice, demand is expected to jump from the current level of about three million rental transactions every year, he says.

Woschnak, who debuted his company on the ASX this week, has built an entire business around that belief.

“We absolutely believe that the renting proportion of Australia is going to increase. It really is a massive market, but that market will grow even more in coming years,” says the chief executive of the online rental listings business.

Rent.com.au crossed a major milestone with its listing on the ASX through a reverse takeover of former copper and gold miner Select Exploration.

The company has positioned itself as an online marketplace targeting only the rental market, as distinct from bigger players like Realestate.com.au and Domain, whose main focus has been on the propertiesforsale market. The new player wants to provide a range of services involved in the renting service, targeting both landlords and renters.

Despite the massive potential, the rental market remains vastly underserved. Woschnak says the larger portals only accept rental listings from licensed real estate agents, forcing the vast majority of private landlords to fall back to traditional media such as newspapers.

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“This is the segment of the market that we are trying to transition from offline to our portal. We are also trying to provide products and services for renters to make the whole process easier for them,” he says.

The onetime IT executive and real estate agent first launched an internetbased real estate business called RealWeb in the mid1990s. That business — a precursor to the model now followed by dominant property site Realestate.com.au, which is majority owned by News Corp Australia, publisher of The Australian — counted major agencies among its many users, and roped in Telstra as a marketing and distribution partner.

RealWeb ultimately failed to find a financial backer and couldn’t survive the technology crash of the early-2000s.

Its founder, however, continued to believe in the concept, registering the rent.com.au domain name in 2000.

As Realestate.com.au and Domain developed as property market-focused portals, he decided to give his idea another chance and launched his website in 2007. It has been a slow grind and the business in its current form is the culmination of all the experience, knowledge and learning over the years, the Tanzania-born and Perth-educated Woschnak says.

The company took several years to build the technology infrastructure, forming alliances with software and commercial partners, and signing up real-estate agents. Since 2007, it has seen investments of about \$10 million through various rounds of funding by investors.

The portal currently boasts 55,000 property listings and claims 230,000 unique visitors monthly. It earns revenue through the listing fee, and has also introduced products and services that can start generating additional revenue. These include an interestfree facility to spread rental bond payments over three to six months, and rental statistics reports available to both renters and landlords for a fee.

With the business hungry for more capital, the company decided to head to the ASX boards, raising \$5m in its initial public offering with shares issued at 20c each, with little movement on their first day of trading.

“We are ready to take the next step. That means a lot of branding, driving more traffic, generating more listings and providing a greater depth of services. All this needs a substantial stepup in capital support,” Woschnak says.

Chief financial officer Jan Ferreira, who came on board last year, says the company’s priority is to drive the website traffic to 500,000 visitors monthly within the next year. That will help unlock a lot of commercial benefits for the company — including volume of inquiries and premium advertising rates.

It is also looking to expand its presence in the private landlord market, besides increasing agent content. The business hopes to boost revenue in fiscal 2016 on the back of a marketing campaign, but Ferreira expects the company to break even only in fiscal 2017.

Woschnak expects to expand the business into Asia in the next few years, but for now it will focus on the local rental market. Its founders hope the company follows a growth phase similar to the one taken by other online businesses such as SEEK, Carsales and Realestate.com.au.

“We see a great window of opportunity now to lock in the renting website among the top three real estate portals of Australia,” Woschnak says.