



REIA

REAL ESTATE INSTITUTE
OF AUSTRALIA

real news

The official newsletter for the real estate profession - Issue 57

Deposit Power Housing Affordability Report released next week

REIA will release its Deposit Power Housing Affordability Report next Wednesday 10th March for the December quarter 2009.

The Report is the a comprehensive assessment of the ability of Australians to meet the finance cost of home purchase, based on data from the Australian Bureau of Statistics (ABS), major lending institutions and state and territory Real Estate Institutes; all of which undertake extensive sampling to determine market trends.

The report includes an analysis of the following information:

- Rental affordability
- First home buyers
- Factors determining home loan affordability
- Median family income
- Average loan sizes
- Interest rates

The Report also provides a snapshot of each state and territory in comparison to overall Australian data.

The data recorded for the December in the report will show the impact of the three rate rises during the quarter and it is expected that housing affordability will have once again declined.

For further information about this report, please contact Rhiannon McClelland on 02 6282 4277 or at rhiannon.mcclelland@reia.com.au. To subscribe to receive your copy of the report on Monday, [click here](#).

Last 2 weeks to buy tickets

You now only have 2 weeks left to purchase tickets to the 2010 REIA National Awards for Excellence and National Conference.

Don't miss your opportunity to see Mark Bouris speak at the Conference and earn CPD* points for attendance.

For further information and to book tickets, [click here](#).

*CPD Points are recognised as CPM points in South Australia. CPD points are currently available for the REIA National Conference in ACT, NSW and SA.



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Accidental damage versus wear and tear

For landlords with long-term tenants, it's hard to know how much wear and tear they can reasonably expect their property to suffer over the life of a lease.

Many property managers have likely dealt with landlords who are disappointed to find their property has not remained in exactly the same condition as when their tenants first moved in.

Some landlords may also be confused about whether this is covered by their landlord insurance policy.

Tailored landlord insurance generally covers claims for accidental damage, but wear and tear is often excluded. Accidental damage is defined as being caused by a sudden and unexpected event, such as a broken window or a carpet stain caused by spilt red wine. In contrast, wear and tear accumulates over time.

Therefore, landlords should expect there to be signs of wear and tear if a property has been tenanted for a number of years, such as signs of foot traffic and flattened patches on the carpet.

From an insurer's point of view, the carpet has not been damaged accidentally or maliciously, and may be a reasonable outcome given the tenant's time in the property.

Property managers can avoid this issue by speaking with their landlords early on about wear and tear on their property and highlighting the difference with accidental damage.

You could explain to your landlords that it's like living in your own home – over time there will be signs you have lived there, but this generally cannot be claimed on insurance.

For information about landlord insurance, visit www.terrischeer.com.au or call 1800 804 016.





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Standard Business Reporting - new era for business reporting

From July 2010, a new Government initiative will offer Australian businesses a quicker easier way to complete their Government reporting requirements.

Standard Business Reporting (SBR) is simplifying business-to-government reporting by:

- removing unnecessary or duplicated information from government forms
- using business software to automatically pre-fill forms
- adopting a single reporting language, based on international standards and best practice
- making financial reporting a by-product of natural business processes
- providing an electronic interface to agencies directly from business software, similar to an electronic postal system, which will also provide validation and confirm receipt of reports
- providing a single secure online sign-on, AUSkey, for users to report electronically to all of the agencies involved.

If you would like further information on SBR, [click here](#).

Extension of the Do Not Call Register

REIA has recently kept you up to date with the Extension of the Do Not Call Register. As you know, COSBOA have been working with stakeholders to argue against the Government's proposed extensions to the Do Not Call Register to include businesses. COSBOA, like REIA, made a submission to the Senate Inquiry on this topic.

Although it can be frustrating to receive unwanted sales calls, on balance the effect of the legislation is detrimental to small businesses. The increase in red tape and compliance costs on small businesses who would be impacted by the proposal are unacceptable. Unfortunately, the impacts on a small business person trying to generate custom in his local area may cause him to fall foul of the laws, and be subject to huge fines.

COSBOA and TrueLocal are seeking small businesses to participate in media activity around this issue, and preferably, to provide real life 'case studies' on how their businesses will be impacted.

If this is a matter of importance to your constituency, please email Jaye Radisich, Chief Executive Officer of COSBOA at jaye.radisich@cosboa.org.au who will be able to give you information about the 'next steps.'



Best practice checklist

By demonstrating that you have fulfilled your role as a property manager, you may be able to dispute liabilities that arise. This may include clear and precise records of inspections, correspondence to the landlord on maintenance requests and any other actions you took to ensure the property is maintained.

Put into place the following best practice procedures to ensure that your professionalism is documented:

- Use a written checklist to inspect the premises and fix any problems before new tenants move in.
- When tenants move in, give them a checklist for reporting potential safety hazards or maintenance problems that might have been overlooked.
- Ask the tenants to use the checklist every six months and inspect the property yourself once a year.
- Advise tenants to report any safety or security problems and keep a log of these as well as actions you took in response to them.
- Make sure that urgent repairs are done within 24 hours where possible and keep tenants informed as to when and how the repairs will be made.

For further information, call your local Aon representative on 1300 734 274 or visit our website at www.aon.com.au/realestate.

The information in this article is of a general nature only and individuals should consider their own circumstances before proceeding in reliance on such information. Whilst care has been taken in preparing this article, and the information contained in it has been obtained from sources that the Aon Group of Companies (Aon) believe to be reliable, Aon does not warrant, represent or guarantee the accuracy, completeness or fitness for purpose of that information. Aon accordingly accepts no liability for any loss resulting from the use of the information in this article.



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RBA increases the official interest rate

The Reserve Bank of Australia has this week raised the official interest rate by 0.25 percentage points for the fourth time in five months.

REIA President, Mr David Airey said that the RBA's decision to increase official interest rates by 0.25 per cent after a brief hiatus in February, will increase affordability pressure on Australian families and really hurt business and commercial borrowers.

"The reality is that housing lending has dropped along with business loans and no change in interest rates is what was needed," said Mr Airey.

To see the REIA's full media release on this issue, [click here](#).

Mortgage Choice: First home buyers scared off by rate rises

If interest rates rise by two percentage points, more than one quarter of Australians buying their first home in the next two years will give up on the purchase, according to results from the 2010 Mortgage Choice First Homebuyers Survey.

This is probably due, in part, to an increasing number of potential first home buyers intending to buy on their own. 32% of respondents were planning a solo purchase, compared to 28% in the 2009 survey.

Australia is also experiencing a rise in older first home buyers. 55% of respondents will be aged 30 years or older when purchasing while 45% will be between 18 and 29 years.

Further, the annual independent online survey found 8% naively planned to borrow the full purchase price despite 100% home loans being non-existent in today's climate.

On the flipside, almost one in three (29%) will have a deposit of 20% or more.

To view the full survey, [click here](#).

Find your REI

REIA has eight members, these members are the state and territory Real Estate Institutes.

Your state or territory body can assist you with information which is relevant to being an agent in your state or territory.

For contact details, see below:

REI ACT

16 Thesiger Court Deakin ACT 2600
Tel: 02 6282 4544

www.reiact.com.au

REI NSW

30-32 Wentworth Avenue
Sydney South NSW 2000
Tel: 02 9264 2343

www.reinsw.com.au

REI QLD

21 Turbo Drive Coorparoo QLD 4151
Tel: 07 3249 7347

www.reiq.com.au

REI NT

Unit 3/6 Lindsay Street Darwin NT 0801
Tel: 08 8981 8905

www.reint.com.au

REI WA

215 Hay Street Subiaco WA 6008
Tel: 08 9380 8222

www.reiwa.com.au

REI SA

249 Greenhill Road Dulwich SA 5065
Tel: 08 8366 4300

www.reisa.com.au

REI VIC

335 Camberwell Road
Camberwell VIC 3124
Tel: 03 9205 6666

www.reiv.com.au

REI TAS

33 Melville Street Hobart TAS 7000
Tel: 03 6223 4769

www.reit.com.au

Next week...

- The REIA office will be closed on Monday 8th March for the Canberra Day public holiday.