REIANEWS

ISSUE 23: MAY 2013

BUDGET 2013 $

ALSO IN THIS ISSUE

ELECTRONIC CONVEYANCING

THE DESIRE TO AGE IN PLACE AMONG OLDER AUSTRALIANS

IMPACT OF THE INTERNET ON REAL ESTATE

WANT TO FIND OUT MORE ABOUT PROMOTING YOUR BRAND IN REIA NEWS?

CONTACT REIA MANAGER COMMUNICATIONS ANDREA CLOSE ON 02 6282 4277 OR AT ANDREA.CLOSE@REIA.COM.AU FOR FURTHER INFORMATION.

REIA
REAL ESTATE INSTITUTE OF AUSTRALIA

Mr Peter Bushby
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the May edition of REIA News, hot on the heels of the Government's Federal Budget announcements for 2013-14.

As REIA Policy Manager Jock Kreitals writes, the size of the 2013-14 deficit was larger than anticipated and whilst it is dependent upon the accuracy of the projections, the proposed end of the deficit by 2016-17 would be most welcome.

There's a positive move in place with the pilot for senior Australian home owners who want to downsize to reflect their changed requirements. The initiative, being a small program, will not have a broad impact unless rolled out further and it's most unfortunate that stamp duties as an impediment to downsizing have again been ignored.

As outlined in the pre-Budget Submission, REIA is concerned about the stance taken by Queensland, Northern Territory, NSW, South Australia and Victoria to skew assistance to those first home buyers purchasing new homes. Not only is this in breach of the InterGovernmental Agreement (IGA) on Federal Financial Relations but it also ignores the evidence that 70 per cent of first home buyers have a clear preference for established houses.

Also of interest to our members, the Government has retained negative gearing for property investment in its current form as REIA called for in a recent media release, however the cap on work related self-education expenses penalises workers wishing to maintain the currency of their initial study and qualifications.

You'll find further detail in Jock Kreital's article, but it seems the Budget actually revealed precious few spending cuts that the Government had not already announced.

Mr Peter Bushby
REIA PRESIDENT

Follow us on Twitter @REIANational

This article is brought to you by
REIA Manager Policy, Jock Kreitals
Jock can be contacted at
jock.kreitals@reia.com.au

BUDGET 2013 $

In the lead up to this year's Budget there was much media speculation about the content, most suggesting that it will be a "horror Budget" as spending is reigned in to match the vastly reduced revenues. There were few surprises. Except for the abolition of the baby bonus and the size of the deficit for 2013-14, there was little in the Budget Papers that had not been announced or leaked prior to Budget night. It is not one that will have an adverse affect on housing.

For 2012-2013, rather than the surplus of $1.5 bn expected this time last year, a deficit of $19.4 bn is now expected. The deficit is attributed to a hit in government revenues from the sustained high Australian dollar combined with lower than expected income from the resource rent tax. A deficit of $18 billion in 2013-14 is also expected. A return to surplus in 2016-2017 is forecast and whilst it is dependent upon the accuracy of the projections, the end of the deficit overhang within three to four years would be very welcome.

As shown below, GDP growth is expected to be sustained at a modest level with real GDP growth forecast at 2.75% and unemployment increasing to 5.75%.

	2012-13	2013-14
Underlying cash balance ($b) % of GDP	- 19.4 - 1.3	- 18.0 - 1.1
GDP growth	3.0	2.75
Unemployment rate (%)	5.5	5.75
Consumer Price Index (%)	2.5	2.25

Private investment in dwellings is expected to increase by 0.5%, 5% and 5.5% over the three years to 2014-2015, respectively.

The main items announced in the Budget are: the Medicare levy will increase by 0.5 per cent to help fund the national disability insurance scheme, DisabilityCare, by $19.3 billion; $2.3 billion cut from universities to fund Gonski education reform and $9.4 billion of Gonski funding from the federal budget will be indexed at a higher rate of 4.7 per cent over six years; cuts will be made to foreign aid, saving up to $3 billion over four years; in the defence sector, $1.5 billion will be allocated over four years for 12 new electronic attack aircraft; $24 billion will be allocated to infrastructure including road projects in Sydney, Melbourne and Brisbane; public service efficiencies over the next four years, including job cuts, will save $227 million; $900 million will be saved over four years from changes to superannuation tax arrangements by taxing earnings of more than $100,000 on superannuation pensions and annuities at 15 per cent, instead of being tax-free; confirmation that tax deductions for work related self-education expenses are to be capped at $2,000 pa.

HOUSING INITIATIVES

The Budget made no changes to current arrangements for housing. This includes arrangements for negative gearing of property investments, no increase in capital gains tax on property investments and no capital gains taxes on the family home. Disappointingly there were no additional initiatives to address housing affordability or to support first home buyers. Numbers of first home buyers have plummeted since the First Home Buyer Boost was abolished – in May of 2009, 31.4% of all purchasers were first home buyers, in March this year it was 14.2%, well below the long term average of 20.2%.

» *article continues*

A new initiative announced is a $112.4 million trial program over four years to support age pensioners who want to downsize their homes, without the surplus funds released affecting their pension. Under the trial program, eligible pensioners who have lived in their own home for at least 25 years and want to downsize will need to put a minimum of 80% of the excess sale proceeds from the sale of their former home into a special account (maximum $200,000 plus earned interest). The funds within these accounts will not be counted under the pension income and assets test for up to 10 years or until a withdrawal is made from the account. The trial is to commence on 1 July 2014. The initiative, if expanded, should lead to better utilisation of existing housing stock and some additional market activity.

It is disappointing that stamp duty as an impediment to downsizing has again been ignored. Instead the Budget has called on the jurisdictions to reform inefficient state taxes including stamp duty. This pays lip service to the need for reform and ignores the leadership role that the Commonwealth should be taking.

With no surprises in the Budget regarding housing it will not, of itself, affect market conditions to any great degree. Nor should the Budget have an adverse impact on the RBA's decisions regarding official interest rates.

> *"During the Howard years, real wealth per person more than doubled – since then, it's actually declined thanks to weaker growth, subdued house prices and lower share prices.*
>
> *Change won't come overnight but a Coalition government will do what's needed to strengthen economic growth and prosperity."*

OPPOSITION LEADER

TONY ABBOTT'S BUDGET REPLY

- A Coalition Government would delay handing workers a three per cent superannuation boost by two years.
- Within two years of a change of government, working with the states, the Coalition will produce a white paper on COAG reform, and the responsibilities of different governments, to ensure that, as far as possible, the states are sovereign in their own sphere.
- Keep the current income tax thresholds and the current pension and benefit fortnightly rates while scrapping the carbon tax.
- Abolish the mining tax.
- Cut red tape costs by at least $1 billion a year.
- Set up a review of competition policy to look at small business and have small business as a cabinet portfolio within Treasury.
- Adjust the existing Fair Work Act with fairer rules for right of entry and new projects.
- Within two years, consult with the community and produce a whitepaper on tax reform.

» *article continues*

WHAT OTHERS SAID ABOUT THE **BUDGET**

BUDGET 2013 $

- **Property Council of Australia** – The budget offers no programs to improve housing affordability, despite the fact that housing construction is at a two decade low. The proposal to help seniors move from their existing homes to more appropriate housing without jeopardising their pension entitlements is very narrowly defined.
- **MBA** – The Budget puts even more pressure on the Reserve Bank to do the heavy lifting in terms of stimulating consumer confidence and reviving the building and construction industry. The Treasurer and Reserve Bank Governor have consistently stated they are looking to the building industry to fill the gap created by the slowdown of activity in the resources sector. However, there is nothing in the budget that will help achieve this objective.
- **HIA** – The Budget has largely ignored Australia's residential building industry and the opportunity to implement further measures to increase housing supply. Housing Australians should be a Federal Government priority. While the budget retains the existing NRAS program and includes a modest measure to assist seniors in downsizing their homes, housing has otherwise been ignored.
- **Residential Development Council (RDC)** – The property industry, with housing at its heart, is a key driver of the economy. There is no home for housing within this budget which fails to provide a credible plan for improving affordability, delivering supply and cutting red tape across the industry.
- **Australian Industry Group** – The 2013-14 Budget confirms industry concerns about a slowing economy but risks being too optimistic about Australia's growth prospects, our terms of trade, corporate tax receipts and the recovery of housing construction.
- **Business Council of Australia** – The federal Budget gives us no reason to believe the government's projected return to surplus in 2015-16 is any more deliverable than last year's promise that we would be in surplus this year.
- **ACCI** – The federal budget does little to take cost pressure off the private sector, especially small business, and fails to wind back government spending to rid the nation of deficits and allow future investment in the economy.
- **COSBOA** – Pleased to see continuing commitment to invest in innovation and support for small business despite the federal budget deficit of $19.4 billion. However disappointed that there wasn't more focus on the core issues that really matter for small business such as compliance costs, complex work place relations, confusing tax processes that place huge demands on the small business person, competition policy and contract law that favours big businesses.
- **Australian Greens housing spokesperson, Senator Scott Ludlam** – This Budget has no new programs for improving housing affordability. No new money to tackle homelessness. No boost in public housing. No plans for more affordable rentals or more affordable ownership. No mention of the word housing in the Budget speech.
- **Australians for Affordable Housing** – Australia's housing and rental crisis is likely to worsen in coming years and the Government has missed the opportunity to use the Federal budget to provide relief.

SAVE THE DATE

Can YOU compete with the BEST?

The NSW Heat of the Australasian Real Estate Institutes' Auctioneering Championships

Hosted by the REIA & Estate Agents Co-operative Ltd

25 Jun '13

Novotel Olympic Park Sydney

Entries open to all licenced NSW Auctioneers

Email **events@eac.com.au** with expression of interest

Final 23rd–25th September 2013 – Crown Perth, Western Australia

ESTATE AGENTS CO-OPERATIVE LTD.

REIA
REAL ESTATE INSTITUTE OF AUSTRALIA

Director-General of the Malta Chamber of Commerce, Enterprise and Industry, Mr Kevin Borg with REIA CEO Amanda Lynch

SMALL BUSINESS GOES TO MALTA

REIA CEO Amanda Lynch was in Malta recently for a private visit and teamed up with the Director-General of the Malta Chamber of Commerce, Enterprise and Industry, Kevin Borg, and other representatives from the Maltese business community.

At the dinner, Ms Lynch gave a presentation on the challenges facing small business in Australia and spoke about the B-20 business forum which will be held in Australia next year in the lead-up to the G-20. The globalisation of the world economy and the fact that small business is responsible for 41% of all business-exported goods, increasingly in the area of intellectual capital and consultancy, selling financial products, computer programs and electronics, has placed Australia on the international stage.

The Maltese business community is keen to work with its new government elected on 9 March to reduce red tape and the compliance burden for small business. Of particular interest was the Red Tape Challenge work that the Council of Small Business of Australia (COSBOA) is doing as part of the COAG Business Advisory Forum and Ms Lynch also provided a briefing on the Opposition's Deregulation Taskforce discussion paper.

A common point of discussion was the involvement of women in the small business sector. The Maltese Chamber is finding an increasing number of women participating in small business. In Australia women are starting businesses at twice the rate of men and now form about one-third of all small business owners. This is a positive development, as women stay in the workforce at the different stages of their life and preserves female labour force participation and earnings.

ACCC RELEASES FREE ONLINE EDUCATION PROGRAM FOR SMALL BUSINESSES

Under Australian competition and consumer laws, small businesses including real estate agencies have a number of obligations when dealing with their customers and other businesses. Small businesses also have certain rights and protections under the law.

The ACCC has released a free online education program for small businesses to help you learn about your rights and obligations under the Competition and Consumer Act 2010 (CCA).

The program is a simple, interactive learning resource which provides a broad overview of the key provisions of the CCA. It includes 10 modules covering topics such as pricing, advertising, consumer rights, selling safe products, unlawful competition and scams.

Each module should take about 15–20 minutes to complete and you don't have to do them all—you can select the ones most relevant to your business operations. Most of the modules include a short self-assessment quiz where you can test your understanding of the topic.

"The ACCC is committed to helping businesses understand their rights and responsibilities under the CCA. We recognise that operators are busy running their businesses, and need simple, clear information which can be accessed at any time, at their own pace," says ACCC Deputy Chair Dr Michael Schaper.

"I strongly encourage real estate agencies to take advantage of this free, easy-to-use online education program to ensure they are aware of all the protections and obligations they have."

The free online education program for small business is available at www.ccaeducationprograms.org.

ELECTRONIC CONVEYANCING:

JUST AROUND THE CORNER

Marcus Price, CEO, National e-Conveyancing Development Limited

Buying and selling property is set to become a whole lot easier, with the unveiling of Australia's first national e-conveyancing platform, PEXA (Property Exchange Australia).

Like the ASX did for the exchange of shares, Property Exchange Australia (PEXA) removes the manual processes and paperwork associated with the exchange of property by allowing Land Registries, Financial Institutions and Practitioners to transact together, online, for the very first time.

With close to a million property transactions considered "in scope" each year, the unique PEXA platform will provide tangible time and cost efficiencies to the conveyancing industry by reducing the time spent preparing instruments, removing the need to physically attend settlement and using technology to greatly reduce the prevalence of errors and failures in land transactions.

For practitioners, this means the ability to provide savings to homebuyers through a direct reduction in disbursements and the increased efficiency of their service provision.

PEXA supports the exchange of property through the ability to perform lodgements and property settlements online in a simple transaction. This includes new mortgages, mortgage discharges, transfer of ownership, settlements, caveats and notices in one easy to use, intuitive electronic platform.

SO HOW DOES PEXA ACTUALLY WORK?

In short, the PEXA subscriber (lawyers and conveyancers) will open an online workspace where the Registry documents and settlement schedule are created and information is shared with all parties to the transaction. Once preparation is complete and the settlement date and time is reached, PEXA will automatically lodge documents with the Land Registry, exchange loan funds and pay stamp duty and other third party beneficiaries.

There are significant time and cost savings offered by being able to complete property transactions online. Practitioners will now have more control. As dealings can be arranged online, they'll no longer rely on their phone or fax to complete a transaction and geographical constraints will no longer exist. They'll also have visibility through each stage of the transaction and be able to see the progress of all parties, specifically the banks. This allows them to provide accurate and up-to-date advice to their client. This is a huge benefit for everyone; buying a property is serious business and the buyer wants the greatest amount of certainty possible that settlement will go ahead. PEXA provides that.

To get to this stage, a National Law was required, outlining the operating and participation requirements and regulations.

Electronic Conveyancing National Law is the absolute cornerstone of this initiative and it's passing in the host State of NSW allows us to complete the build of Australia's first truly national online property exchange. It goes without saying that the individual State Land Registries have done an incredible job in agreeing at set of Rules for the industry to abide by.

The National Law has now been passed in NSW, Queensland and Victoria with the remaining states set to follow shortly.

Under Electronic Conveyancing National Law, changes were made to how Verification of Identity (VOI) will work.

» *article continues*

The Registrars have made quite sensible modifications to the VOI, giving the industry a workable solution. The new guidelines basically provide clarity, protection and balance of risk around what was previously a fairly interpretive aspect of identification. I know there were concerns raised around practitioners in regional areas having difficulty visually identifying someone and I'm pleased to see that has been resolved through their ability to use 3rd party agents such as Australia Post.

Another challenge in building the legal framework stemmed from the question of increased liability.

Under the Model Participation Rules, the liability position for practitioners is largely unchanged from today. In fact, we should see a decrease in risk through the electronic channel due to its higher standards of security and electronic checking.

PEXA will be delivered over two main releases with the first release scheduled for mid-2013. This release focusses on standalone transactions between the banks and the land registries. Practitioners will be invited to join the Exchange in 2014 with the launch of Release 2.

PEXA RELEASE SCHEDULE

Release	Functional Scope	Deployment Method	Target Participants	Go Live
Release 1	• Standalone Discharge • Standalone Mortgage • Refinance	Web Browser	• Select Land Registries • Select Financial Institutions	Q2 2013
Release 2	• Caveats • Transfers • Notices • Settlements	Web Browser Integrated	• All Land Registries • All Financial Institutions • Solicitors/Conveyancers	Q2 2014

BENEFITS BY STAKEHOLDER

Stakeholder Group	Primary Reasons to Convert to PEXA
Purchaser/Vendor	• More transparent process • Time saving
Banks	• Cost savings • Improved customer service • Opportunity to indentify fraud earlier in the mortgage process • Removal of the largest demand driver for bank cheques
Lawyers/Conveyancers	• Reduces time and cost of settlement • Time savings can be used to increase productivity • Greater client satisfaction
Land Registry Office	• Current workforce would struggle to meet demand if transaction volumes increase to previous levels • Time/cost saving in examining instruments
Office of State Revenue	• Electronic platform to calculate and pay stamp duty
Intermediaries	• Possibility to create new products to connect to PEXA

Marcus Price

CEO, NATIONAL E-CONVEYANCING DEVELOPMENT LIMITED (NECDL)

For more information, head to www.necd.com.au

People. Policy. Partnership.

NAB National Small Business Summit
24 - 25 July 2013 Brisbane

REGISTER NOW

Click here to Register

AT A GLANCE

Venue:
Brisbane Convention & Exhibition Centre

Dates:
24 – 25 July 2013

Theme:
People:Policy:Partnership

Save the date

PRINCIPAL SPONSOR

nab

PRESENTED BY

COSBOA

Welcome Message from Chair

I welcome all interested parties to become involved in the 2013 NAB National Small Business Summit in Brisbane on Wednesday, 24 and Thursday 25 July 2013.

This will be the 11th NAB Small Business Summit and will be attended by luminaries such as the Federal Minister for Small Business, The Hon Gary Gray MP, and the Shadow Federal Minister for Small Business, The Hon Bruce Billson MP. Also speaking will be the 2012 COSBOA Small Business Champion Ondina Gregoric, who will outline the secret of her success and the importance of giving back to the sector.

Small business owners employ over 4.5 million people and are a major part of the economy, as well as contributing members of our local communities. Small business people provide our society with the capability to innovate and to deal with adversity much more quickly than big business.

2013 is the election year and COSBOA is committed to providing a voice for small business. At the Summit we look forward to discussing our policies on workplace relations, the collection of superannuation and paid parental leave, contract law and competition policy, women in business, and burdensome compliance and regulation demands on small business people.

People : Policy : Partnership is the theme for the 2013 Summit and will connect all the significant stakeholders – small business, politicians, key regulators, government officials and big business – in a three way exchange of minds in our advancements to debate policy and build partnerships for the betterment of our people.

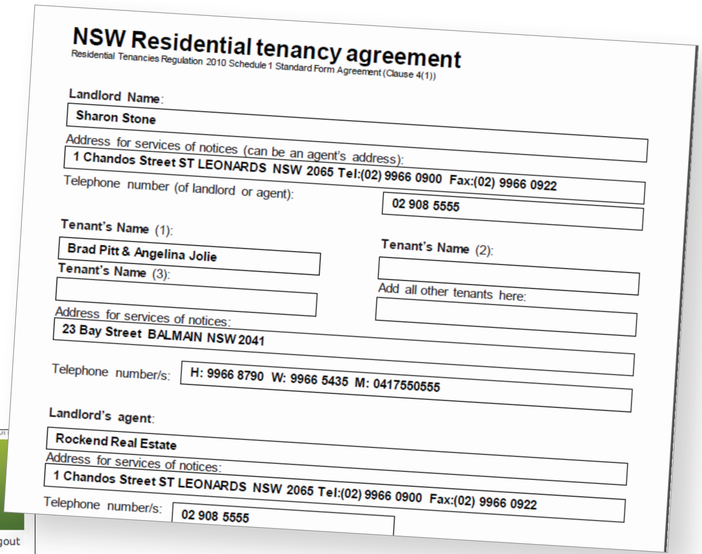
I encourage you to shape the future with us by participating in the national debate.

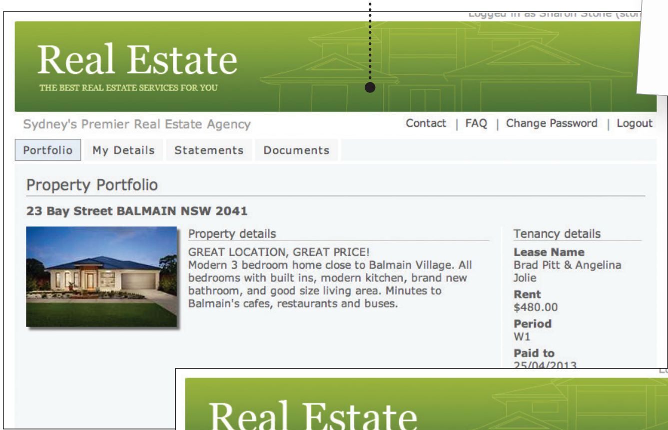
Amanda Lynch
Chair, COSBOA

Your office is now open 24 hours a day, 7 days a week!

With REST Professional Owner & Tenant Portals your clients can now access important information and documents online, anywhere, anytime.

With REST Professional Owner & Tenant Portals you can now provide a greater service to your owners & tenants as well as reinforce your relationship and branding every time clients access their unique portal from your website.


NSW Residential tenancy agreement
Residential Tenancies Regulation 2010 Schedule 1 Standard Form Agreement (Clause 4(1))
Landlord Name: Sharon Stone
Address for services of notices (can be an agent's address): 1 Chandos Street ST LEONARDS NSW 2065 Tel:(02) 9966 0900 Fax:(02) 9966 0922
Telephone number (of landlord or agent): 02 908 5555
Tenant's Name (1): Brad Pitt & Angelina Jolie
Tenant's Name (2):
Tenant's Name (3):
Add all other tenants here:
Address for services of notices: 23 Bay Street BALMAIN NSW 2041
Telephone number/s: H: 9966 8790 W: 9966 5435 M: 0417550555
Landlord's agent: Rockend Real Estate
Address for services of notices: 1 Chandos Street ST LEONARDS NSW 2065 Tel:(02) 9966 0900 Fax:(02) 9966 0922
Telephone number/s: 02 908 5555



Owner & Tenants can also:

- Access their property information 24hrs a day, 7 days a week
- View important property and financial data anytime
- Download statements and documents
- Directly contact your business from the portal

Microsoft GOLD CERTIFIED Partner

Go to www.rockend.com.au to find out more today!

rockend
The leader in property software

Call us now to find out more about REST Professional 1300 657 700

AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE

THE DESIRE TO AGE IN PLACE AMONG OLDER AUSTRALIANS

VOLUME 1: REASONS FOR STAYING AND MOVING

The Australian population is ageing. In 2011, there were approximately 3 million Australians aged 65 or older. By 2031, it is estimated that there will be almost 6 million in that age group and that inevitably impacts on the housing market.

In the first part of its recently released *The Desire to Age in Place Among Older Australians* report, the Australian Institute of Health and Welfare (AIHW) examines reasons for staying or moving among older Australians.

It has been found that outright home owners intend to move less often than households of other tenure types. They most frequently report positive reasons why they choose to age in place and are least likely to report that they 'can't afford to move'. This suggests that outright owners desire to age in place because, although they have the option of moving, they choose to stay. When asked whether they want to stay in their current accommodation for the next 12 months, they answer 'yes' more frequently than those of any other tenure type.

Mortgagees appear to be in a similar position. However, they represent something of an anomaly, exhibiting a desire to up-size, despite the onset of old age. It may be that mortgagees are not representative of older households as a whole.

Private renters appear least satisfied with their housing conditions. Of the tenure groups discussed here, they reported the fewest reasons for wanting to stay in their accommodation. They also said they intended to stay for the next 12 months least often and correspondingly moved most frequently, despite expressing anxiety about this. However, it is not known how often private renters moved, even though they desired not to, due to other factors relating to the nature of the private rental market.

Finally, tenants of social housing move relatively infrequently. Unlike private renters, tenure is stable. Household income is lowest for this group, and therefore the secure tenure and low-cost housing offered by social housing is presumably highly desirable for them. Financial reasons are the most common ones reported as to why households stay in social housing and this is likely to reflect, for many in this situation, that options for moving are limited. Further, health reasons are by far the most commonly reported motivation to move for this group. So it seems that ageing in place is desirable until the greater necessity as a result of poor health, makes moving necessary.

» *article continues*

The table below briefly summarises findings released by the AIHW. The full report can be found here.

	Outright Owner	Mortgagees	Private Renter	Social Housing Tenant	Other
Share of all older households	73%	5%	10%	8%	4%
Satisfied with their housing	60%	58%	46%	40%	
Intended to stay in current accommodation for the next 12 months	95%	92%	80%	99%	
Desired to stay in current accommodation for the next 12 months	96%	99%	90%	91%	
Reasons for staying in current accommodation					
Location	85.4%	83.8%	71.2%	64.7%	
Comfort	77.5%	74.9%	52.1%	51.0%	
Financial reasons	64.1%	62.7%	61.6%	66.7%	
Proximity to friends/family	36.3%	29.9%	28.8%	25.5%	
Emotional attachment	22.7%	21.3%	4.1%	19.6%	
Reasons for moving					
Proximity to friends/family	24.8%	22.1%	21.2%	11.8%	
Downsize	23.2%	10.9%	14.6%	19.3%	
Lifestyle reasons	14.0%	8.2%	13.3%	2.9%	
Health reasons	11.8%	9.4%	12.3%	23.1%	
Location	10.0%	0.7%	6.6%	6.2%	
Upsize	7.8%	44.0%	14.6%	21.6%	
Access to services	5.6%	n/a	10.7%	11.4%	
Employment	2.7%	n/a	6.7%	n/a	

2013

Australasian Real Estate Institutes'
Auctioneering Championships

Save the date

23-25 September 2013

2013 Australasian Real Estate Institutes' **Auctioneering Championships**

Going once... Going twice... Sold!

Crown Perth
Perth, Western Australia

See you in
Western Australia

REIWA
REAL ESTATE INSTITUTE OF WESTERN AUSTRALIA

REIA
REAL ESTATE INSTITUTE OF AUSTRALIA

REINZ

This article is brought to you by REIA Research Officer, Evgeniya Hawthorne
Evgeniya can be contacted at
evgeniya.hawthorne@reia.com.au

IMPACT OF THE INTERNET ON THE REAL ESTATE PROFESSION

According to the Census, there were 64,700 real estate agents in 2011 – 5,200 more than in 2006, with all states and territories recording increases. Those who had been predicting that agents would abandon the profession might have been surprised by the Census findings however they did have cause to think that way. Underpinned by low sentiments, the significantly slower than pre-GFC dwelling-stock turnover hit hard those who sell real estate for a living. Sales prices stalled between mid 2010 and late 2012 and subsequently, Australians held on to their investment properties for longer, resulting in a falling volume of sales. However, real estate agents face further threats to their businesses, namely the increasing focus of online property transactions.

Traditionally in Australia, agents are the centre of real estate transactions. Involving face to face contact not only means a much more personal approach, it also reduces the risks of property scams. This position of an agent has been a distinctive feature of the real estate business model in Australia for a long time. Recently, there has been a change to the role of an agent as middle man, with a number of online resources entrenching their position as the agents' front window, listing hundreds of thousands of properties for sale and providing advice to vendors. Improved technology is increasing the popularity of virtual tours of properties, blogs with current information on the market and insights and use of social networks.

In the US, Google and the National Association of Realtors (NAR) have recently released results of their joint study *The Digital House Hunt: Consumer and Market Trends in Real Estate*, aiming to uncover trends and insights around digital media usage among home shoppers. It has been found that nine in ten home buyers now rely on the Internet as one of their primary research sources and 52 per cent turn to the web as their first step. This is a rapidly developing trend, with real estate related searches on Google.com growing 22 per cent over 2012 and 253 per cent over the past four years. With buying real estate being the biggest financial commitment for most consumers, it is hardly unexpected that home buyers are willing to use what the Internet has to offer to support their buying decisions.

Sales Channels by Home Buyers to Search, %

	Internet	Real Estate Agent	Yard Sign	Open House	Print Newspaper Advertisement	Home Book or Magazine
Used the Internet	100	89	53	46	28	19
Did Not Use the Internet	0	71	44	29	25	9

The Digital House Hunt: Consumer and Market Trends in Real Estate by Google and the NAR

» *article continues*

The US study found that of all home shoppers who take action on real estate sites, 31 per cent are aged 25-34, surpassing all other ages. This information may be valuable to those agents who primarily target first home buyers. The report says that in 2012, 47 per cent of first home buyers in the US used the Internet to search for a home and 77 per cent of first home buyers drove by a home they had viewed online. A rather surprising result of the study is that three quarters of senior home buyers go online to search for a home.

The impact of the Internet on the real estate profession should not be underestimated. Opportunities offered online force agents to adapt their business models and include the use of technology in their business success strategies.

Australian agents are already embracing the use of the Internet, dedicating a greater percentage of their marketing budgets to online initiatives. The Macquarie Residential Real Estate Benchmarking Survey found that in 2010-11, 17 per cent of new real estate business enquiries in Australia were coming from online advertising, making online advertising the third greatest source of new business enquiries. Of all surveyed, 93 per cent identified that they had a company website and 78 per cent were using specialist real estate internet sites.

Despite the challenges the Internet has brought to the real estate profession, it is doubtful that it will replace agents. *The Digital House Hunt: Consumer and Market Trends in Real Estate* study found that agents bridge the gap between internet search and viewing/buying a home with 88 per cent of buyers in the US using agents. According to the Macquarie report, 85 per cent of surveyed Australian agencies identified spending time with clients face to face as a success factor with 68 per cent of respondents identifying this aspect of client service as their strength. Indeed, expertise offered by professional real estate agents and their social networks to other professionals cannot be substituted by online resources. It is important to remember that new technology poses threats but at the same time delivers benefits.

Stay Smart Online with these ten simple tips:

Tip No. 1

Install and update your security software; set it to scan regularly.

Tip No. 2

Turn on automatic updates on all your software, particularly your operating system and applications.

Tip No. 3

Use strong passwords and different passwords for different uses.

Tip No. 4

Stop and think before you click on links and attachments.

Tip No. 5

Take care when transacting online – research the supplier and use a safe payment method.

Tip No. 6

Only download "apps" from reputable publishers and read all permission requests.

Tip No. 7

Regularly check your privacy settings on social networking sites.

Tip No. 8

Stop and think before you post any photos or financial information online.

Tip No. 9

Talk with your child about staying safe online, including on their smartphone or mobile device.

Tip No. 10

Report or talk to someone if you feel uncomfortable or threatened online – download the Government's Cybersafety Help Button.

Australian Government
Department of Broadband, Communications and the Digital Economy

For more information on employer super obligations including choice of fund and modern award, please visit

www.reisuper.com.au

INDUSTRY ARTICLE

REI SUPER OFFERS MYSUPER

REI Super has received its authorisation from the Australian Prudential Regulation Authority (APRA) to offer a MySuper product from 1 July this year.

REI Super CEO Mal Smith says that the Trustee Super Balanced Option, which is the Fund's existing default investment option, will become the Fund's MySuper offering.

The Trustee Super Balanced option contains all the MySuper attributes of a single diversified investment option; with low fees that meets legislative requirements and default levels of insurance from 1 July 2013.

MySuper will replace the default products now offered by super funds as part of the Government's Stronger Super changes.

From January next year, the Government requires employers to pay super contributions for their employees into a MySuper product, unless a staff member has specifically chosen another fund.

Mal Smith says that gaining authorisation is an accomplishment for the Fund.

"REI Super has always been run to benefit members with low fees, diversified investment options and has had a proud 37 year history of strong investment returns and is one of the oldest industry super funds in Australia."

"My Super is a continuation of this approach. As REI Super is a fund named in both the Federal Modern Real Estate and Clerical Awards, it continues to offer members and employers a highly suitable superannuation solution."

"Our ability to offer a value for money default super fund for members also ensures employers in the real estate industry can meet the Government's requirements in relation to their super obligations," concluded Mal Smith.

Chris McGregor

FIABCI AUSTRALIA REPORT

I've just received a message from the Taichung City Government Mayor, Jason Hu and the Chinese Taiwan FIABCI President, Nan-Yuen Huang and am so pleased they feel honoured to be hosting the FIABCI 64th World Congress in Taichung, Taiwan on May 27-29 2013.

For decades, the FIABCI World Congress has been the most important occasion for the exchange of information and business in the real estate industry. As global markets put their hopes in real estate investment, the FIABCI 64th World Congress in Taiwan will be a rewarding experience.

According to world competitiveness reports released in past years, Taiwan is a highly competitive country with developmental potential. Furthermore, the international ranking reports showing that Taiwan's business environment is set to remain in excellent shape, is the main reason the World Congress is to be held there.

Our Taiwanese hosts have prepared a comprehensive program allowing members to exchange ideas and form collaborations, while the social activities encourage you to renew old friendships and establish new ones. FIABCI-Chinese Taiwan and the Taichung City Government have put their greatest efforts into creating this momentous event and they guarantee that you will enjoy your stay on their beautiful island.

I look forward to seeing you there.

GREAT NEWS FOR ONE OF OUR OWN

Our very own past Australian President, Robyn Waters from Victoria will go to Taiwan nominated unopposed as the FIABCI World President Elect for 2014-2015. Our previous Australian World President was John Greig OAM of New South Wales which gives you an idea of the calibre of the membership we have in Australia.

Chris McGregor

PRESIDENT • FIABCI
AUSTRALIAN CHAPTER

L-R: FIABCI World President Judy Shenefield, Chris McGregor and FIABCI World President-Elect, Robyn Waters

INDUSTRY UPDATE

Industry news from around Australia

Pet-friendly Rentals

Pet-friendly rental properties can command a higher rent for landlords eg, a one bedroom property with an asking rent of $465 a week could only be worth $420 if listed as not pet-friendly.

LJ Hooker Melbourne property manager Gabby Thomson says this can add $2,340 more in rent annually.

She says pet friendliness is also a great marketing headline to use when trying to find new tenants, either in houses or apartments.

Pet-owning tenants also tend to stay longer. “No-one wants to give away their pet,” Thomson says.

“And pet friendly landlords who recognise this will attract many more tenants, longer term ones and also enjoy a higher rental return.”

Property Observer

Canberra Fastest Selling

With a slight easing in Sydney, Canberra dwellings are currently spending the shortest average time on market at 70 days, according to the latest information from Australian Property Monitors on capital city properties time on market.

Pricey Point Piper

After being shopped around the market for years, one of the nation’s most prestigious harbour-front mansions, Altona, has sold for a reported $53 million, in a record Sydney deal to a little-known Melbourne-based, Chinese-born businessman.

The deal eclipses the $45m sale of the late financier David Coe’s Coolong Road, Vaucluse, house in 2008 and the $43m paid by the Penn family for headhunter Andrew Banks’s waterfront mansion in Wolseley Road, Point Piper in 2010.

A buyer last week forked out $33m for the Bang and Olufsen house, a harbour-front mansion at Point Piper, so called because of its similarity to a hi-fi sound system, in signs the top-end market is heating up. But the sale of Altona falls just short of the $57.5m paid by mining magnate Chris Ellison for iron ore millionaire Angela Bennett’s mansion in the exclusive Perth suburb of Mosman Park in 2009.

Granny Flats

A lack of affordable housing in Western Australia, coupled with the ageing population and rising costs associated with aged care facilities and villages has seen the humble one-room granny flat grow into a full-blown house.

Granny Flats WA, a local business, has been approached by several people regarding granny flats and has noticed the demand growing with the aging population.

With amendments to WA’s planning laws on the horizon, which would allow people to rent their granny flats out without the added costs of a formal subdivision, many believe demand can only continue to grow.

And it’s not just the elderly driving business.

Lack of affordable housing is one reason why young families are moving back in with their folks and teenagers are staying home longer. Many can’t afford to buy and want to get themselves out of the rental market.

WA Today

Housing Australians

The Housing Industry Association (HIA) has launched its 2013 federal election policy platform, titled *Housing Australians*.

The compendium of 50 actions is directed towards reinvigorating the Australian residential building industry and addressing the housing affordability challenge facing the nation.

“The simple fact is that Australia is falling behind in housing its population,” said HIA Managing Director Shane Goodwin.

“We are currently building 25,000 homes less than we were ten years ago, and last year built around 10% under average over the past decade.”

“With the population exceeding 23 million in recent weeks, the logical question is where will the growing population live?”

“Housing must be given a higher priority by the major parties to reflect the social and economic importance it has in our lives.”

“At present home building is being choked by red tape, an inflexible industrial relations system and a disproportionate level of taxation.”

For more information visit www.australianeedsbuilding.com.au

South Australia

Almost a third of properties sold in South Australia during the December 2012 quarter achieved more than double their initial purchase price, according to a report by RP Data.

The report says 30.2 per cent of homes sold for a profit above 100 per cent. The average gain was $261,144 it showed the average hold period for these homes was 13.2 years.

REISA Vice President Ted Piteo said renewed consumer confidence had led to stronger sales.

The report showed 30.7 per cent of metropolitan homes sold for more than double their initial purchase price – reaping an average profit of $282,813.

In the north of the state, more than two in five properties doubled the original purchase, with an average profit of $143,975.

MAKING NEWS

General national news

Rental Affordability

Finding a home to rent is almost impossible for those who rely solely on government welfare, an Anglicare report shows.

The *Rental Affordability Snapshot*, based on a survey of 56,414 properties nationwide, shows less than 1 per cent were suitable for people on Newstart allowances, parenting payments and aged or disability support pensions.

An affordable rental was defined as one that takes up less than 30 per cent of the household's income.

Less than 1 per cent of rental properties nationally was affordable and had enough bedrooms for single parents with children receiving government benefits, irrespective of pension or allowances.

Only 8.5 per cent of listed rentals were suitable for a family of four where both parents earned minimum wages and 2.1 per cent of properties were suitable for couples living on the aged pension.

Brisbane and Hobart were the only two capital cities with rentals suitable for people on Newstart or Youth Allowance, with 3 per cent of listings suitable in Hobart and 1 per cent in Brisbane

Anglicare Australia executive director Kasy Chambers said the results were shocking and called on the Federal Government to increase allowances by $50 a week and index them.

''Every year we release these distressing figures in the hope to unearth the broad-based social and political will to ensure a supply of secure and adequate housing,'' she said.

The Australian

Debt Reduction

The ING DIRECT Financial Wellbeing Index confirms that the efforts of Australian households to reduce debt are paying off. With 93% of home owners saying they are 'comfortable' about their mortgage, households are now focusing on building savings.

Australian households currently have median savings of $15,427 – the highest since tracking began in Q1 2010. This represents significant savings growth since mid-2011 when the Index recorded a low point for savings of $5,155 per household.

Key findings for Q1 2013 (surveyed in April 2013):

- Financial wellbeing with mortgages is on a clear upward trend. 93%of home owners are 'comfortable' with their mortgage – 65% are 'very' comfortable.
- 71% of households are comfortable with their level of savings.
- Household savings are lowest for Gen X households (aged 35-49) with a median of $8,060 compared to $14,377 for Gen Y (18-34) and $17,744 for baby boomers (50-64).
- In Q1 2013, 13% of Australian households report having zero savings – the lowest since inception of the Index.

Asbestos Register

Millions of Australian homes have received a free on-line Home Asbestos Register in a nationwide co-ordinated roll-out, in response to the growing realisation of thousands of certain future Australian deaths via asbestos related diseases such as mesothelioma and lung cancer.

With millions of homes containing asbestos in numerous forms, particularly homes built before 1980, home renovators and household occupants are most at risk.

Federal Governments have never nationally mandated Home Asbestos Registers, unlike workplaces which are legally obligated to maintain an Asbestos Register. Home Asbestos Registers along with additional information such as a YouTube educational video can be seen at www.homeasbestosregister.com – which allows for Home Owners to create a free Asbestos Register and to sign up for inclusion in a nationally coordinated Works Programme of asbestos inspection, containment and removal.

Banks' Customer Satisfaction

REIA congratulates Bendigo and Adelaide Bank, sponsors of REIA's Housing Affordability and Real Estate Market Facts Reports, on its recent accolade. The 2013 Corporate Reputation Index has just ranked the customer service experts as the 12th most reputable company in Australia. Roy Morgan research also showed Bendigo and Adelaide Bank as the equal highest ranked bank when it comes to customer satisfaction.

National Cyber Security Awareness Week May 20-24

Stay Smart Online encourages all Australians to remember these 10 simple tips to improve their online security:

1. Install and update your security software and set it to scan regularly
2. Turn on automatic updates on all your software, particularly your operating system and applications
3. Use strong passwords and different passwords for different uses
4. Stop and think before you click on links and attachments
5. Take care when buying online – research the supplier and use a safe payment method
6. Only download "apps" from reputable publishers and read all permission requests
7. Regularly check your privacy settings on social networking sites
8. Stop and think before you post any photos or financial information online
9. Talk with your child about staying safe online, including on their smart phone or mobile device
10. Report or talk to someone if you feel uncomfortable or threatened online – download the Government's Cybersafety Help Button

POLITICAL WATCH

Information and news from government

FHBs to suffer

A TOTAL of 20,000 Victorian first-home buyers a year will miss out on assistance under state government plans to dump grants for established homes.

In changes announced this week, first-home buyers who buy an established home after June 30 will not receive the $7000 grant currently on offer.

Stamp duty cuts that the Government is bringing forward will have a smaller impact on cheaper properties. The Government has amended its assistance plans to offer those buying newly built first homes a $10,000 grant. It will also increase stamp duty cuts from 30 per cent to 40 per cent six months early.

Real Estate Institute of Victoria figures show buying a $300,000 established property before June 30 will come with $10,411 in government assistance, but buy after the date and it is just $4548.

Australian Bureau of Statistic figures show 28,491 Victorians took out first-home buyer loans in the 12 months to February. But REIV figures reveal fewer than one in three of those bought a new home, with about 70 per cent opting for established homes in the March quarter.

Herald Sun

Tassie Bill

The real estate industry has reacted angrily to the Tasmanian State Government's legislation that introduces longer cooling off periods and other changes affecting the sale of residential property.

REIT President, Adrian Kelly said the industry could ill afford the changes when it was already struggling with the lowest sales volumes in two decades.

"It doesn't solve any of the issues that we have in transacting property," he said. "What it will do is slow down the entire sales process, a process that in Tasmania remains simple, cost-effective and robust."

Hobart Mercury

New tenancy laws in WA

New laws designed to make renting fairer for Western Australian tenants, while also protecting the interests of property owners, will come into force on July 1. Commerce Minister Michael Mischin said the changes were important in today's rental market. Mr Mischin said the laws would strengthen the rights of tenants and property owners to make the property rental market in WA fairer and more accessible. The Minister said the new laws delivered standard tenancy agreements, which included minimum levels of security for rental properties. The laws also covered security bonds, property condition reports as well as tenancy databases, and would also put a limit on option fees for prospective tenants.

Consumer Protection is hosting a series of free seminars to explain upcoming law changes which will affect more than 38,500 private landlords who rent out properties in WA. A new version of the Residential Tenancies Act 1987 is due to commence on 1 July 2013. Commissioner for Consumer Protection Anne Driscoll said it was important to communicate the significant changes to landlords so they can prepare. It is essential that landlords know their rights and obligations and I would urge anyone who rents out a property in WA to find out more about the changes to the Residential Tenancies Act.

Real estate wages

Wages have grown at their slowest pace in almost three years, giving the Reserve Bank room to keep cutting interest rates.

Mining and utility workers enjoyed the biggest pay rises but shop assistants, property managers and public servants were not as well off, Australian Bureau of Statistics' figures show.

CommSec chief economist Craig James says a 3.2 per cent increase in wages in the year to March won't alarm the Reserve Bank of Australia.

"Wages aren't excessive when you compare it with the growth of prices and productivity. It's a win-win result for the economy," he said.

But real estate workers enjoyed the weakest increase of 2.4 per cent, the only category where pay levels were below the inflation rate of 2.5 per cent.

Wages are growing at the slowest pace since 2010, at a level well below the central bank's comfort limit of 4 per cent to 4.5 per cent.

Retail assistants fared marginally better with a pay rise of 2.7 per cent.

Public servants enjoyed a 3 per cent wages increase, compared with 3.1 per cent across the private sector, as the governments of NSW and Queensland continued to look for savings.

Land release in Darwin

More than 900 homes are to be built in stages 1 and 2 of the new suburb of Zuccoli.

Five land packages have sold out and a sixth, Trojan, has made available a further 22 lots including one that is dual occupancy.

NT Lands Minister Peter Chandler said the $20 million was earmarked to accelerate land availability in Palmerston East.

"This will significantly increase the supply of land in the Greater Darwin area," he said.

The move is a further step in the NT Government's attempts to stabilise the soaring cost of Darwin and Palmerston housing. The NT Government has moved with speed to increase building approvals to their highest level in a decade.

THE WORLD

Property news from around the world

US Market

Pending home sales in the United States increased in March and remain above year ago levels, according to the latest data from the National Association of Realtors.

But contract activity in recent months shows only modest movement and this means that the market is showing signs of levelling off, according to NAR chief economist Lawrence Yun.

The NAR Pending Home Sales index, a forward looking indicator based on contract signings, increased by 1.5% to 105.7 in March from a downwardly revised 104.1 in February.

The index is now 7% above March 2012 when it was 98.8. Pending sales have been above year ago levels for the last 23 months.

'Contract activity has been in a narrow range in recent months, not from a pause in demand but because of limited supply. Little movement is expected in near term sales closings, but they should edge up modestly as the year progresses. Job additions and rising household wealth will continue to support housing demand,' explained Yun.

NAR said that total existing home sales are projected to increase 6.5 to 7% over 2012 to nearly five million sales this year, while the national median existing home price is forecast to rise about 7.5%.

Property Wire

Co-housing in Italy

With the Italian real estate market in free fall, increasing numbers of people are tumbling through the gaps. Too rich to claim social housing and too poor to afford a traditional house, some are turning to a new approach—cohousing.

"The concept of cohousing originated in northern Europe in the '60s," says Nadia Simionato, spokeswoman for the Italian network Cohousing.it "Then it spread to other countries and reached Italy in 2006."

The basic idea is to combine in a condominium the autonomy of a private house with the benefits that come from sharing space and resources such as a garden, gymnasium, laundry, gardens, and children's day care. The whole project is collectively designed and chosen by those who will live in those spaces.

"There's a 'grey zone' of the Italian population who cannot afford a traditional house but who are too rich to access the rankings for the social housing," says Simionato. "Through the cohousing we think we can solve this critical point."

London back to pre-GFC

London properties have sold at the fastest pace in April with sellers achieving more than 95% of their asking prices, for the first time since the beginning of the 2007 financial crisis.

According to a survey from real estate analysts Hometrack, homes in the UK capital recorded 0.7% jump in values with the waiting time for a London property in the market before being sold, falling to nearly half of the rest of the country.

A London property remained in the market for an average of 4.6 weeks as against the eight weeks seen in the end of 2008, the peak of the financial crisis as the demand grew three times faster than supply during the January-March period.

In the capital, North London and south-west London recorded strongest growth with a price rise of 1.3% and 1.1%, respectively. Outside London, Oxfordshire and Cambridgeshire were the growth drivers with 0.5% and 0.4% increase in prices.

IBTimes

Commercial Property in Russia

Investments in commercial real estate reached a new all-time high of $2.4 billion in the first quarter of 2013, according to a report by the CBRE Group. By comparison, the first quarter of 2012 saw investments at $101 million, a figure almost 25 times lower than that of this year. The previous record was set in 2006, when investors channeled $843 million into commercial property during the first quarter.

"Retail property accounted for about 60 percent of all investments in the first quarter of 2013, whereas previously, office property led the way," says a representative at Jones Lang LaSalle. According to him, Moscow accounted for 96% of all transactions, and 82 percent of all investments were by foreign companies.

Fiji

THE real estate market in Fiji has picked up momentum considering the tough environment since the global financial crisis in 2007-2008.

Naisoso Island Fiji managing director Bob Lowres said they continued to receive interest from local and overseas property investors for their land and apartments priced from $600,000.

"We all need to work together to put our best foot forward to the rest of the world. Fiji is an amazing place to live in and making sure people understand that there is far more to living here than just white sandy beaches and clear blue water is really important. It's safe, it's friendly, it's excellent value and it's only a few hours away from Australia and New Zealand," he said.

REIANEWS

IS A PUBLICATION BROUGHT TO YOU BY THE REAL ESTATE INSTITUTE OF AUSTRALIA. FOR FURTHER INFORMATION ABOUT ADVERTISING, PLEASE CONTACT REIA MANAGER COMMUNICATIONS ON 02 6282 4277 OR AT ANDREA.CLOSE@REIA.COM.AU

16 THESIGER COURT, DEAKIN ACT 2600
02 6282 4277 I WWW.REIA.COM.AU