

REIANEWS

ISSUE THIRTEEN: JUNE 2012



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Residential
HOUSING
MARKET

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Ms Pamela Bennett
REIA President

PRESIDENT'S REPORT



WELCOME FROM REIA'S PRESIDENT

This month has seen the release of the latest editions of our two flagship publications, the Deposit Power Housing Affordability Report and Real Estate Market Facts.

The Housing Affordability Report has shown that nationally, affordability has improved for the third consecutive quarter. On the surface, this is very positive news. However, as mentioned in the report, we are still at well below what we would consider to be ideal levels and different parts of the country are experiencing very different conditions. In fact, as was the focus of a number of recent media articles, even different sections of the same community would have very different ideas of what is considered "affordable".

It is worth noting for a moment where our measure of affordability comes from. REIA gets its data from multiple sources and applies a formula using median family income, average loans and average interest rates to geographic locations across the country. We do it this way so we can make a standardised comparison of differences such as those between capital cities and changes over

time. It provides a useful yardstick by which to assess the national picture, but in no way do we claim it reflects the lived experience of every Australian. Such a claim isn't possible for a single, simplified measure.

Averages and medians are just that. They do not purport to represent the specific circumstances that fall either side of them. Yet we sometimes find ourselves criticised when the results we present don't ring true to some sections of the community. That's entirely understandable and we don't begrudge them the opportunity to be heard.

What can sometimes be a little frustrating are the claims that we are somehow trying to hide the "reality" to promote our own interests. Our reports are what they are; nothing more, nothing less. We don't seek to manipulate results one way or the other and are quite open about the methodology we use (for those who care to read the full report). And when you think about it, why would we? It is certainly not in our interests to have significant sections of the population priced out of the market.

Anyone who pays more than a cursory interest in what we have to say would know we have been quite vocal for some time about the need for government action to improve affordability and to support first home buyers in particular. We will continue to do so with vigour. But we aren't about to shy away from the bigger picture and will report the facts that affect our industry as we have always done. Our members expect nothing less.

Finally, I can't let this month pass without mentioning our long-time partners and Australia's leading landlord insurance specialists at Terri Scheer Insurance who have recently agreed to extend their support for the REIA. This is a wonderful sign of commitment to our industry and we are very grateful to everyone at Terri Scheer who have been with us for a number of years now. It is no exaggeration to say that we simply couldn't exist without the support of our partners and sponsors. So thank you all.

Ms Pamela Bennett
REIA PRESIDENT

The State of the Residential Housing Market was the topic examined from a variety of viewpoints at the Citi Residential Housing conference on 17th May in Sydney which featured presentations by land developers, financiers, builders, building product manufacturers and the real estate industry.

REIA's CEO Amanda Lynch joined a panel of industry commentators including Australian Property Monitor's Senior Economist Dr Andrew Wilson and Ross Barrows, Emerging Growth Analyst with Citi Investment Research and Analysis (pictured.) Also on the panel was the Executive Director of Master Builders Association of NSW Brian Seidler.

In her presentation, Ms Lynch said that REIA expects the market to remain steady and with the recent interest rate cut, start to see a pick up in the 2012 spring/summer selling season. The managed funds industry is increasing their investment in property

following the GFC from 10.7% in December 2007 to 12% in December 2011. There are encouraging signs of a return of investors into the market. Since May 2011, in trend terms, the value of investment housing has increased by 5.3%. With average weekly earnings up 4% (fuelled by mining salaries) and unemployment at 4.9% compared with 8% in the UK and the US, the Australian market has strong fundamentals and REIA believes the market has bottomed out and is set to grow. With vendor discounting now at 7.2% for houses and 6.1% for units from a level of 7% and 6.1% in 2011, and 5.5% and 5% in 2010, there are favourable opportunities for buyers to negotiate with vendors, particularly in the housing market. Perth and Darwin were the only two cities where vendor discounting levels for houses were lower than at the same time last year, while in other capitals these were higher. According to the recent RP Data release, in the second half of 2011, the average number of days it takes to sell a house in Australia was recorded at 77 days in March 2012 and 51 days for units. Both measures are higher than the 65 days and 47 days recorded respectively at the same time last year. Brisbane, Perth and Darwin are showing signs of picking up, with the average time on market now lower than than at the same



PHOTO Mr Ross Barrows (left), with Dr Andrew Wilson (right), and the CEO of the REIA, Amanda Lynch (centre).

time last year for both houses and units, with the other states showing increases, particularly Hobart and Melbourne.

Mr Seidler spoke about challenges facing the housing construction industry with the carbon tax having a negative impact on housing affordability and adding at least \$5000 to the cost of new homes and there is an expected flow-on to existing house prices. Ms Lynch argued that Government should be compensating first home buyers just as it did when the GST was introduced in July 2000.

Also discussed were supply side issues such as land availability, supply of labour, environmental regulations and the length of time and costs associated with approval and zoning policies which vary in each state but from start of project to completion range from 3-10 years!

In his presentation, Dr Wilson presented a compelling case for the housing market having bottomed out and said that, with strong fundamentals, we can look forward to it picking up in the medium to long term. He said that rumours of a 'housing bubble' in Australia have largely subsided and the Australian market is vastly different to overseas markets with Australia underpinned by financial regulation, undersupply and strong wages and employment growth.



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INDUSTRY ARTICLE

By Carolyn Majda, Manager,
Terri Scheer Insurance

EDUCATE LANDLORDS AND TENANTS

The responsibilities associated with owning or living in a rental property can be confusing for landlords and tenants. In many cases, that is why landlords appoint property managers and why tenants seek out professionally managed properties.

However, it can be easy for property managers who oversee rental properties on a daily basis to assume their landlords and tenants know more about how it all works than what they actually do.

Even if you consider a process to be relatively straightforward, or if your client has been involved in the rental market before, they may not be aware that certain procedures exist or have changed.

It is therefore important for property managers to clearly explain and clarify each procedure – before the client

commits to a property management or tenancy agreement – so each party knows what they can expect from you and what is required from them.

This will not only avoid confusion, it may also help to reduce conflict down the track and lessen the possibility of tribunal matters and insurance claims.

There are many ways property managers can ensure landlords and their tenants are well educated on property management.

Firstly, provide landlords and tenants with any contracts you require them to sign well in advance in order to give them an opportunity to read them and consider any questions they may have for you.

It is a good idea to personally meet with them and verbally explain each section of the contract, highlighting important information.

The following are key terms of the contract that may be worth explaining clearly upfront:

- The lease start and termination date,
- The required deposit,
- The agreed rent as well as when and how it is to be paid,
- The procedure if the tenant falls into arrears,
- How you expect the property to be maintained,
- Routine property inspections,
- The procedure for reporting and actioning repairs,
- How the property is to be left when the tenant vacates.

Some property managers use the front page of the contract to clearly spell out what is immediately expected

from the landlord or tenants in order to process the application, such as when the contract needs to be signed and returned and what supporting documentation is required.

Although this may sound time consuming, it is vital that landlords and tenants completely understand the terms and conditions of the contract they are signing.

It can sometimes help to create a written checklist to use when meeting with a landlord or tenant to ensure they are educated on all the ins and outs of the agreement.

For further information, visit www.terrischeer.com.au or call 1800 804 016.

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into account the reader's or their client's objectives, financial situation or needs. If you or your client is interested in any of Terri Scheer's insurance products, the relevant Product Disclosure Statement should be considered first. It can be viewed online at www.terrischeer.com.au or obtained by calling 1800 804 016. Based in Adelaide, Terri Scheer services all states, territories and capital cities.

This article is brought to you by
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BEWARE OF SCAMS

Real estate agents, like all small businesses, are the target of scammers.

One of the most common scams is false billing with an estimated one in six small businesses that have reported this activity to the Australian Competition and Consumer Commission (ACCC) having lost money. The amount lost by small businesses has been estimated to be around \$1m in 2010.

False billing scams target businesses to trick them into paying for unwanted or unauthorised listings or advertisements in magazines, journals, business registers or directories. Common scam tactics are to send a business a subscription form disguised as an outstanding invoice to get the business to sign up for unwanted ongoing advertising services.

Other common scams targeting small business include: banking and online phishing scams; job and

employment scams including business opportunities, and; fax back scams. A faxback scam can offer you anything from fantastic deals, business directory entries and competition entries—all you have to do is send a fax back to a premium rate number (usually starting with 19). Premium rate faxes can be charged at more than \$6.00 per minute. The scammers make sure your fax takes several minutes to get through, resulting in a high phone bill.

One relatively recent scam targeted at agents managing rental properties involved a fax asking for details of non-resident landlords. The letter with the Australian emblem in the corner suggests that once the details are forwarded rental income will be available without paying any Australian tax. Details sought include Australian passport details. The ATO feels that the scammer's objective is identity theft.

Surveys conducted by the Australian Institute of Criminology show an overall trend away from scam delivery

by mail towards the use of email and telecommunications such as landlines, mobile phones and SMS, to contact potential victims. These results may indicate that scammers are adapting to consumer uptake of new technologies such as smartphones and/or that scammers are moving away from 'traditional' methods as potential victims become more aware of these. The surveys also show that although a higher percentage of respondents reported receiving a scam in 2011 (94.2% compared with 89.0% in 2010), the percentage that responded to the scam was lower (25.2% in 2011 compared with 29.3% in 2010). Similarly, fewer respondents reported a financial loss or loss of personal information as the result of a scam in 2011 compared to 2010. In 2011 almost 60% of respondents were female, and the largest age category of respondents was 45-54 years. The highest proportion of respondents came from New South Wales.

As a business you can put in place effective management procedures that will go a long way towards preventing these scams from succeeding. These include: making sure that the staff who process invoices or answer telephone calls are aware of the way scammers operate and of the major scams outlined above as they will most often be the point of contact for the scammers; always check that goods or services were both ordered and delivered before paying an invoice; never give out or clarify any information about your business unless you know what the information will be used for.

If you become aware of a scam you should report it to the ACCC via the [report a scam](#) page on SCAMwatch or by calling 1300 795 995.

.....

Curtin University in Western Australia is currently undertaking a study of the prevalence of scams committed against small business. The electronic survey is open to 3 October 2012 and is targeted at the owners of businesses employing up to 20 people.

The aims of the study include identifying patterns in the prevalence data that can lead to segmentation of the risk profiles to allow more focussed research and guide preventative and educational efforts.

The outcomes will be reported (where responses are adequate) by regions and by industry and will be a valuable tool in addressing policy responses .

More details of the study are available on the project description web page at www.business.curtin.edu.au/business/small-business.

If you would like to participate in the survey and help in the valuable research being undertaken please [click here to begin](#).

The survey will take 10-15 minutes and there is a prize of a new Tablet PC with all participants being provided a copy of the final report.

This article is brought to you by REIA
Chief Executive Officer, Amanda Lynch



REIA ADVOCACY

Success has many parents and so has a good idea and this is the case with the REIA. As we review our advocacy highlights of the past few years, it is worth remembering from where we came.

The REIA traces its birth to a meeting held in Sydney in 1923 where delegates from NSW, Victoria, Queensland, South Australia and Western Australia decided to set up a federal council to:

- Bring about a uniform legislation for the real estate practice
- Establish an education policy that could provide the proper training and educational facilities for people working for the profession
- Form a body that could represent the interests of the sector and the interchange of rights and privileges between members in different states

These objectives are still very much alive today and drive REIA's policy agenda.

In the years since REIA was formed, government has grown and interest groups representing almost every industry proliferate. To meet these challenges, advocacy has become more sophisticated and multi-layered and the REIA does all this with just six staff.

To achieve its policy goals the REIA operates within Canberra undertaking representational activities across a wide range of entities including government and the corporate sector through submissions, meetings, public inquiries, government forums and Ministerial briefings. REIA is represented on the following Standing Government Committees:

- ACCC Small Business Consultative Committee
- ATO Small Business Consultative Committee
- ATO Property Development Group
- ATO Superannuation Reform Group
- Construction and Property Services Industry Skills Council (CPSISC)
 - Board Member
 - Membership of the Property Development Sales and Management Sector Project reference groups and steering committee

» *article continues*

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- Standards Australia
- Built Environment Industry Innovation Council
- National Australian Built Environment Rating System (NABERS) Stakeholder Advisory Committee
- Nationwide House Energy Rating Scheme (NatHERS) assessors and units of competency for Residential Building Mandatory Disclosure (RBMD) Project Steering Committee
- In the important area of national licensing, REIA is represented on the Property Occupations Interim Advisory Committee (POIAC) and the related Conduct Harmonisation Working Group

Advocacy Highlights

A major achievement has been improving the standing of the REIA amongst Government and with this the level of access and influence. Best demonstrated by:

- Invitation to Tax Forum in October 2011
- Invitation to meet with Prime Minister
- Invitation to Business Forum Before COAG Meeting
- Invitation to Prime Minister's Economic Forum

- Appearance before House of Representatives Inquiry into the mining tax to give evidence on its impact on small business

Exemption from Government Guarantee for Agents' Trust Funds

- In response to the global financial crisis the Commonwealth Government introduced its Guarantee Scheme for Large Deposits and Wholesale Funding (Scheme) on 28 November 2008
- Under the Scheme deposits with eligible financial institutions with balances in excess of \$1 million were subject to a fee. With around \$1 billion held in trust by the industry for buyers and sellers in any one year and with the majority of Australia's real estate agents having trust accounts in excess of \$1 million the cost to the industry was significant
- For an agent with an average \$2 million in a trust account, this is a cost of \$10,000 pa
- A comprehensive strategy of letters, representation, lobbying, submissions and media strategy was put in place by the REIA from November 2008
- On 30 March 2009 the Government advised the REIA that it was exempting real estate agents trust

accounts from the Government's Guarantee Scheme

Having the First Home Owners Boost apply to established homes as well as new construction

- The Government's rationale to stimulate the economy post GFC was to provide an additional payment to first home buyers—the Boost—buying newly constructed homes as this has the greatest impact on employment
- REIA undertook an extensive lobbying campaign coupled with a complimentary media strategy to have the Government include established dwellings in the initial decision and then the extension of the Boost
- Data indicated that 70% of recipients of the Boost went to established property
- A major gain for agents

Taxation Reform

- Through its own lobbying and through its membership of the BCTR REIA has placed stamp duty on the Government's reform agenda
- At the Tax Forum in October 2011, Government undertook that the Council of Australian Federation would work with the NSW Treasurer

» *article continues*



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REIA ADVOCACY

CONTINUED

and the Queensland Treasurer to develop a state tax reform plan and to develop a plan for agreement and implementation with the first iteration by the end of 2012

Through its membership of the Council of Small Business of Australia (COSBOA), REIA has been instrumental in getting taxation concessions for small business in the 2012/2013 Budget

- Write offs of \$6,500 for business assets
- An immediate deduction of \$5,000 for purchases of new or used cars
- Carry back of tax losses if incorporated

Mandatory disclosure of energy efficiency as initially proposed appears to be off the Government's agenda

- COAG agreed to introduce a national home environmental rating scheme. The scheme would require homeowners that sell or rent houses and apartments to provide information to prospective buyers and renters about the energy, greenhouse and water performance of the home
- A Consultation RIS was released on 21 July 2011 for comment with submissions due by 12 September

- The main elements of the RIS were: there will not be a single national scheme; the RIS modelled six options, covering the full range from technically-detailed assessment through to a checklist approach and a voluntary scheme. It also considers the options of disclosure at point of sale only versus point of sale and lease, and; the role of real estate agents was recognised and was included in the cost benefit analysis
- In its response to the RIS REIA advocated a non regulatory approach
- REIA undertook extensive lobbying with the Department of Climate Change and politically
- The Department informs REIA that following analysis of the responses to the RIS "the thinking has changed from what went out in the RIS"

The threatened withdrawal of cheques has been stopped

- The Australian Payments Clearing Association (APCA) undertook a review of the use of cheques
- In its submission and approaches to the APCA the REIA noted that whilst there was a trend away from the use of cheques in real estate

there are a number of areas of transactions, most notably sales deposits, for which there are no acceptable alternative to cheques

- REIA met with Australian Payments Clearing Association (APCA) a number of times following the consideration of submissions
- The APCA released its final paper in May 2012. The paper concludes that there is no need for a closure of the cheques clearing system

In coming weeks, with the expected release of the national licensing Regulatory Impact Statement (RIS) for the real estate profession, REIA will be continuing to work hard for our members in the advocacy and policy arena.



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realestateVIEW.com.au launches *'Find an Agent'*

Discover the quickest way to drive more vendors to your door

Over the past 12 months, realestateVIEW.com.au has embarked on a series of website innovations to provide property seekers with a range of new and unique tools to search for property.

This month, we are pleased to announce the launch of our new *'Find an Agent'* directory, which helps both vendors and agents alike.

Long before vendors contact potential agents to sell their home, they conduct research online to determine which potential agents are best equipped to sell their property. To aid this process, the new *Find an Agent* directory provides vendors and landlords with a destination to search and review potential agents within their local area.

The new *Find an Agent* directory therefore represents a new way for your agency to showcase its local area expertise to generate qualified leads from potential clients. All you need to do is create a FREE branded *Find an Agent* profile.

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MARCH QUARTER MARKET FACTS AND HOUSING AFFORDABILITY REPORT AVAILABLE NOW



The Real Estate Institute of Australia (REIA) released the March quarter editions of Real Estate Market Facts and the Deposit Power Housing Affordability Reports this month.

Market Facts shows a slight increase in the national weighted median house price compared to the previous quarter and could be a signal that the property market has bottomed out.

REIA President, Pamela Bennett has described the result as positive without being exceptional.

"We don't want to get too far ahead of ourselves as we're only talking about a very slight increase on the December quarter figures, but there is reason to be optimistic," Ms Bennett said.

"The economy is stronger than it is generally given credit for and I think people are starting to realise that perhaps things aren't as bad as they've been told,"

Meanwhile, the Deposit Power Housing Affordability Report shows further improvement in housing affordability over the March quarter.

"This is good news in the current circumstances. Housing affordability has been improving slightly for the last three quarters now," Ms Bennett said.

The March quarter report shows that nationally, the proportion of family income required to meet loan repayments decreased

by 0.9 percentage points compared to the previous quarter and now sits at 32.0%.

"Housing affordability is still not at ideal levels but at least we are now heading in the right direction," Ms Bennett said.

Compared to the same period last year, all states and territories recorded improvements in housing affordability.

"If other factors continue to trend in the same direction, the interest rate cuts announced over the last two months should bring further good news for housing affordability next quarter," Ms Bennett said.

Ms Bennett says that the feedback from around the country is increasingly becoming positive.

"There is no argument that the boom times are long behind us and we have gone through a period of correction, but the bust has clearly not happened in the way the pessimists predicted. I believe we're now seeing the first signs of a return to natural and sustainable growth," Ms Bennett concluded.

Copies of the March quarter 2012 Deposit Power Housing Affordability Report, REIA Real Estate Market Facts and associated datacube spread sheets are available for purchase now from reia.com.au.



Real Estate Market Facts
March quarter records a slight increase in the median house price

Fast Facts

March quarter 2012

Quarterly Australian weighted average median house price \$519,557

Quarterly Australian weighted average median other dwellings price \$425,900

Median house prices up:

Sydney 1.4% to \$641,037

Melbourne 0.9% to \$535,000

Perth 0.4% to \$469,000

Darwin 6.6% to \$550,000

Median house prices down:

Adelaide 2.6% to \$380,000

Hobart 3.3% to \$365,000

Median house prices unchanged:

Brisbane at \$525,000

Canberra at \$520,000

Median other dwelling prices:

Sydney 2.5% to \$452,145

Perth 2.3% to \$399,000

Other dwelling prices

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CHARACTERISTICS OF AUSTRALIAN FIRST HOME BUYERS

First home buyers form a substantial segment of all home buyers. According to the Australian Bureau of Statistics Year Book 2012, in the three years prior to the 2009-10 ABS Survey of Income and Housing, 40% of the almost 1.1 million households who had bought their home in that period were first home buyers.

Understanding similarities and differences between first home buyers and changeover buyers is important for policy makers to inform decisions on programs such as first home buyer assistance and for builders to forecast housing production and the types of dwellings to build.

This article looks at characteristics of recent Australian first home buyers using data from the Year Book 2012.

The ABS uses a series of criteria in its Survey of Income and Housing to establish a reference person or a primary respondent for each household. Two-thirds of the 429,021 first home buyer households were young with a reference person aged less than 35 years. Less than 10% of first home buyer households

had a reference person aged 45 years and over. By contrast, the majority of changeover buyers had a reference person aged 45 years and over. Table 1 below shows households' characteristics by age of reference person.

First home buyers are less likely to have dependent children than changeover buyers and both groups are more likely to consist of couples than purchase individually. Table 2 below shows households' characteristics by family composition.

TABLE 1 *Age of Reference Person*

	First home buyer	Recent changeover buyer	All recent home buyers	All owner households
Under 35 years, %	66.6	17.7	37.2	11.8
35-44 years, %	23.6	30.7	27.9	19.1
45-54 years, %	7.3	23.6	17.1	22.5
55-64 years, %	1.7	16.4	10.5	20.7
65 years and over, %	0.8	11.6	7.3	25.9

TABLE 2 *Family Composition of Household*

	First home buyer	Recent changeover buyer	All recent home buyers	All owner households
Lone person, %	20.4	17.8	18.8	21.4
Couple only, %	32.7	28.1	29.9	29.8
Couple family with dependent children, %	31.3	38.9	35.9	29.2
One parent with dependent children, %	3.6	4.9	4.4	3.7

Ninety-three per cent of first home buyers are mortgage holders – this figure has been increasing for the last 15 years from 82.3%. In comparison, 73% of changeover buyers are buyers with a mortgage. This can be explained by their ability to use equity in their previous home towards a deposit on a more expensive dwelling.

On average, first home buyers spend \$460, or 23% of their income, to cover housing costs. By contrast, the average weekly housing costs as a proportion of income for changeover buyers, all recent buyers and all owner households are 18%, 20% and 13% respectively. Table 3 below shows some characteristics of dwellings and housing costs for home buyers.

Indeed, first home buyers tend to buy less expensive dwellings and it is interesting to observe that compared to changeover buyers, first home buyers are more likely to purchase established dwellings rather than build or purchase a new home. The ABS's survey has found that only 18% of first home buyers build or purchase new homes, while this figure for changeover buyers has been recorded at 23%. It has also been found that there has been a shift among first home buyer households towards medium and high density housing with 26% of first home buyers obtaining their mortgage for semi-detached houses, terraces, townhouses, flats, units and apartments.

There are a number of reasons why people enter the housing market. For many, it is having their own place to raise a family and possessing a tangible asset to secure the future. For others, it is an investment opportunity. Some may be motivated by a disappearing difference between mortgage repayments and rents. The ABS survey has found that of first home buyers, 63% were previously from a dwelling rented from a private landlord and 18% lived with their parents prior to purchasing their own home.

Whatever the reason, the Great Australian Dream is still alive with the home ownership rate remaining stable for the last 40 years at around 70% and first homebuyer confidence currently at comparable levels to before the global financial crisis. Now it is up to the policy makers and sellers to respond to the demand of those who are considering entering the housing market in the near future.

TABLE 3 *Selected Households Characteristics*

	First home buyer	Recent changeover buyer	All recent home buyers	All owner households
Estimated median value of dwellings, \$	370,000	450,000	420,000	440,000
Mean amount of mortgage outstanding, \$	280,000	289,000	285,000	190,000
Average weekly housing costs, \$	460	387	417	232
Housing costs as a proportion of income, %	23	18	20	13

➤ Only 18% of first home buyers build or purchase new homes

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The 2012 Australasian Real Estate Institutes' Auctioneering Championships

The Australasian Auctioneering Championships, representing the most professional and skilled auctioneers that Australia and New Zealand has to offer, will be held in Adelaide from the 2-4 October 2012.

Conducted jointly by the Real Estate Institute of Australia (REIA) and the Real Estate Institute of New Zealand (REINZ) - this year's Championships will be hosted by the Real Estate Institute of South Australia (REISA).

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Devised bidding processes test the Auctioneers' aptitude, attention and ability to think on their feet. To be successful, competitors have to deal with a wide range of testing questions and unpredictable bids.

Combining skill, professionalism and technical knowledge, the candidates are highly accomplished and high-energy performers.

In 2011, the finalists were Mark Sumich (NZ), Michael Fenn (SA), Andrew North (NZ), Charlie Powell (NSW) & Adrian Butera (VIC).

“The candidates are highly accomplished and high energy performers”.

After viewing 21 auctions over two days, the judges determined that, of the 16 contestants, Mark Sumich displayed the best combination of skill and technical knowledge. “It is particularly significant that he has now won the Championship three times.”

The quality of these auctions is truly exceptional; participants need to create momentum in the bidding, while building rapport with the crowd.

The 2012 heats and finals will be open to the public and will be held at the Adelaide Convention Centre in October.

A Gala Dinner will be held at the National Wine Centre to announce the 2012 Winners.

Your Joint Hosting of the 2012 Australasian Auctioneering Championships includes:

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- Sponsorship acknowledgment on the REISA eBook

Promotion of the event via Social Networking Media



INDUSTRY UPDATE

Industry news from around Australia



Another fall in lending for housing

The ABS April Key Figures show the total value of owner occupied housing commitments excluding alterations and additions fell 0.5% in trend terms and the seasonally adjusted series rose 0.9%.

More details available [here](#)

First home buyers shrug off job fears and look to buy property

First home buyers in Australia are more confident about buying a house now than they were six months ago, however this is yet to translate into action, according to a new national survey.

The Commonwealth Bank/Mortgage & Finance Association of Australia Home Finance Index has found 57% of first home buyers believe it is a good time to buy property because prices are cheap and rates are down.

More details available [here](#)

The drivers of housing supply and demand in rural and regional centres

The Australian Housing and Urban Research Institute (AHURI) has released a study on the drivers of housing supply and demand in rural and regional centres.

The study found that the suite of housing programs being rolled out nationally has had a variable and often muted level of impact in rural and regional housing markets.

More details available [here](#)

Canberra apartments in hot demand

Strong fundamentals are fuelling demand for new apartments in Australia's capital, according to new research by Colliers International.

"Though supply levels have risen over the year due to new projects being released, we do not expect to see a glut in the Canberra apartment market in the long term."

More details available [here](#)

Unlicensed promoters of 'rent to buy' property deals acted illegally

The Supreme Court has ruled that a 'rent to buy' property scheme operating in WA was illegal because the promoters are not licensed real estate agents and had misled consumers.

"Our major concern was that the consumers who took part in these schemes didn't have the protection that the licensing system and laws offer and now we have legal clarity over these issues following the Supreme Court

ruling," Acting Commissioner for Consumer Protection, Gary Newcombe said.

More details available [here](#)

Demand strengthens in Queensland unit market

Queensland's unit and townhouse market experienced strengthening demand over the March quarter, according to the latest Real Estate Institute of Queensland (REIQ) figures.

The REIQ's quarterly Queensland Market Monitor found the numbers of preliminary unit and townhouse sales across the State were up 11% compared to the December quarter last year.

More details available [here](#)

Construction slump adds to affordability pressures in WA

Data from the Real Estate Institute of Western Australia are showing that the number of properties for sale in Perth has come down significantly and are now at their lowest level since April 2010.

The number of properties on the market including houses, units and land fell to 12,975 in early June. At the same time reported sales have been showing a steady increase as the market returns to average turnover levels.

More details available [here](#)

MAKING NEWS

General national news



Weak consumer spending drags business confidence down

Australian business confidence continues to fall because of weak consumer spending, according to the June Sensis® Business Index released earlier this month.

Report author Ms Christena Singh said small businesses continued to experience weak trading conditions during the quarter, but the news was not all negative.

“The sales and profitability indicators continued to weaken during the quarter, and remain strongly negative.

“However, the employment indicator improved sharply, following three consecutive quarters of declining results. We have also seen the strongest capital expenditure and export value results in over a year,” Ms Singh said.

Looking ahead, small businesses are expecting a further weakening in sales and profits over the next 12 months. A small improvement in employment is anticipated in the short term, but no change over the medium term. Further improvements in capital expenditure are likely in both the short and medium term.

More details available [here](#)

Australian economy grows 1.3%

Latest ABS figures show that GDP, in seasonally adjusted volume terms, grew 1.3% in the March quarter 2012, after a revised increase of 0.6% in the December quarter.

The growth for the quarter was driven by a 1.0% contribution from final consumption expenditure and a 0.9% contribution from business investment. The increases were partially offset by a -0.5% contribution from net exports and -0.1% contribution from dwelling investment.

The industries that drove growth in the March quarter were Mining, Professional, Scientific and Technical services and Financial and Insurance services, each contributing 0.2% to growth in GDP.

The March quarter saw the Terms of trade fall 4.3%. This was reflected in Real gross domestic income, which grew by 0.2% in seasonally adjusted terms for the quarter.

More details available [here](#)

The glass is half full

Governor of the Reserve Bank of Australia, Mr Glenn Stevens delivered a speech to a business lunch in Adelaide this month, outlining contributing factors to the state of the economy and arguing for a more positive assessment by commentators.

Mr Stevens described the nature of public discussion about the economy as being “unrelentingly gloomy” but suggested an objective observer coming from outside would feel that Australia’s glass is at least half full.

“The Australian community has understood that we can’t base growth persistently on falling saving and rising debt and that is forcing changes to business models. But it has to be said that the return of a certain degree of thrift actually strengthens our medium-term position. If we can marry that to a focus on incrementally improving the way we do things – lifting productivity – there is actually a lot to look forward to. For Australians, the glass is well and truly half full.”

More details available [here](#)

POLITICAL WATCH

Information and news from government



Business confidence still low thanks to Govt

The Gillard Government needs to cut red tape and axe the carbon tax to help improve small business conditions which are well below the five year average according to the Coalition.

ACCI's May 2012 Small Business Survey states that small business conditions were at "low levels" with conditions "expected to deteriorate further in the coming quarter."

"It's clear that Government needs to get out of the way of small business to help improve confidence in the sector," Shadow Small Business Minister Bruce Billson said.

More details available [here](#)

Minister says we cannot ignore housing supply as a significant issue facing our nation

In an address to the Housing Industry Association President's Dinner, Minister for Housing, Homelessness and Small Business, Brendan O'Connor told the audience there is little that is more important for Australians and their families than having a roof over their head.

"While many of the issues are not new, there is - I think - a more genuine

recognition that we cannot ignore housing supply as a significant issue facing our nation."

"It is my intention to drive reforms that will see real change for the long term"

More details available [here](#)

Hockey calls on Wayne Swan to tell the truth and check the facts

A media release by Shadow Treasurer, Joe Hockey has slammed Wayne Swan in regard to home loan repayments.

"Wayne Swan likes to boast, but he forgets to check his numbers and tell the truth. He claims repayments for home buyers are less under Labor than they were under the Coalition Government.

"Wayne Swan is manifestly out of touch with Australian households. The Treasurer would know that, on average, interest rates have been higher under Labor than they were under the Coalition.

"Here are the facts. Under the Coalition, the average standard variable mortgage rate was 24 basis points lower than Labor."

More details available [here](#)

Swan: National Accounts paint "extraordinary picture"

Federal Treasurer, Wayne Swan has issued a media release saying the March Quarter National Accounts paint an extraordinary picture of exceptional growth, and showcase the rock-solid economic fundamentals which put our economy in a league of its own.

"Gross Domestic Product rose by a stunning 1.3% in the quarter to be 4.3% higher through the year, underpinned by a broad-based surge in business investment and strong growth in household consumption."

"This is a remarkable outcome and reaffirms Australia's position as one of the strongest economies in the world, with the Australian economy growing faster than every single major advanced economy in the March quarter. In through the year terms, this result is the fastest growth in over four years, which have been the most turbulent in the global economy since the Great Depression of the 1930s."

More details available [here](#)

THE WORLD

Property news from around the world



Greece leaving the euro could impact on London property market, Knight Frank warns

Prime central London residential prices are nearly 50% above their post-Lehman low, reached in March 2009, and are now more than 12% higher than their March 2008 peak, according to the latest analysis from Knight Frank.

Last October the real estate company forecast that 2012 would see an additional 5% growth in prices. Just five months into the year growth has already reached 4.7%.

But they warn that two critical issues could have an impact on the rest of the year; the new stamp duty rate of 7% for properties worth £2 million and more and associated uncertainty surrounding company purchases, and the Eurozone crisis.

More details available [here](#)

Chinese govt has no plans to ease property buying restrictions

Chinese authorities have no intention of reigning in stringent property market cooling measures despite calls for an easing to offset the country's slowing economy.

A spokesperson for the Ministry of Housing and Urban-Rural Development told a press conference in Beijing that the government is not planning to loosen real estate policy, and that policies

targeting real estate speculation and price inflation would remain in place.

Chinese policymakers are attempting to implement targeted reforms that will reinvigorate growth in the world's second largest economy, but without encouraging a second round of over investment in property markets.

More details available [here](#)

Lending measures lead to stable land prices in Kuala Lumpur

According to The Malaysia Insider prices of land in the Klang Valley in Kuala Lumpur have stabilised following measures by the central bank to rein in household debt.

CEO of Glomac Datuk F.D. Iskandar said that potential home buyers have become more cautious and with property prices now inching up instead of registering double digit gains, prices of land were following suit.

More details available [here](#)

Record-setting low fixed mortgage rates persist

In the US, Freddie Mac released the results of its Primary Mortgage Market Survey®, showing average fixed mortgage rates falling to new all-time record lows for the sixth consecutive week amid

weak economic and job data helping to keep homebuyer affordability high.

More details available [here](#)

Forget cost vs. value, homeowners use improvements to pump up style, not equity

A new US survey of homeowners planning to build, remodel or decorate in the next two years, found the vast majority, 86%, saying it's more important to improve their home to "improve the look and feel of the space," compared to 47% who say it important the work increases their home's value.

Homeowners also say rather than cut into their home improvement budget, they are more likely to slash expenses in other areas including vacations and other big-ticket purchases, in another example of an emerging trend that finds beleaguered homeowners hunkering down to hold onto their most valuable asset by making it more their own.

More details available [here](#)

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