REIANEWS

ISSUE FOURTEEN: JULY 2012

Is the glass half full?

ALSO IN THIS ISSUE

Ms Pamela Bennett
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

The RBA left interest rates unchanged this month and we are yet to feel the full follow on of the previous two cuts. But with the coming of a new financial year there's still a lot of change in the air as some of the announcements from the state and federal budgets come into effect. You will find a handy little summary of some of the changes to stamp duty rates and first home buyer incentives elsewhere in this edition.

However, the topic that has received the most attention this year has been the introduction of the carbon tax. Unfortunately, much of the public debate has focused on the politics and left many of us confused as to what we can expect.

But beyond the spin, what does it mean for the property market?

The carbon tax will have the greatest impact on the cost of those materials used in house construction and renovations that rely heavily on the use of electricity in their manufacture. Aluminium and steel products are good examples.

Industry estimates suggest that the overall cost of constructing a modest new house will be around $5,000 and that renovations and extensions will cost around 2% more. The extent that this will be passed on to buyers will depend on the ability of builders to do so. Current market conditions of relatively low demand for new homes and competition amongst builders would suggest that the full cost increases may not be passed on immediately. Once the higher costs are passed on to newly constructed housing we can expect a flow on effect to established dwellings.

This will have an adverse impact on affordability particularly for first home buyers. Allowing for the tax cuts, the increase in living expenses due to the carbon tax estimated by the Government at around $500 per year, and higher mortgage payments associated with the higher construction costs, the annual shortfall for buyers of median priced property will be around $700 compared to the situation without a carbon tax. That works out to be around a 2.7% increase to average loan repayments.

Of course, this is only a rough estimate based on some very general assumptions including that all costs are passed on in full. Individual circumstances will naturally vary and other factors such as changes to interest rates will also affect the result. We'll be reviewing the impact of the carbon tax in more detail when a clearer picture has emerged.

For agents, the main impact will be through higher electricity costs in their offices. All transport fuels, including petrol, are exempt from the tax and this should have no impact on the cost of conducting inspections and the like.

While on the topic of analysis, I would like to take this opportunity to welcome our newest partners, Bendigo and Adelaide Bank who officially join us this month as the major sponsor of our two flagship publications, the Housing Affordability Report and Real Estate Market Facts. A twelve month deal was signed in June marking the beginning of what we both hope will be a long and successful relationship.

I'd also like to congratulate Bendigo Bank for recently being named Roy Morgan's Business Bank of the Month again for May – a crown they have held throughout 2012 after winning the annual title for 2011. We are very fortunate at REIA to have such well respected partners on board to ensure the continuation of these important publications.

Ms Pamela Bennett

REIA PRESIDENT

This article is brought to you by
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Is the glass half full?

COVER STORY

Much has been discussed about the economy lately with terms such as "patchwork", "two-speed" and "the glass is at least half full" being used by politicians, economists and commentators. What is happening? Why do many feel unsure of the future and indeed what is the future? And, importantly, what can be expected in the housing market?

Australia avoided a deep downturn during the Global Financial Crisis (GFC), when most countries did not and the current economic aggregates are sound with GDP growth of 4.3 per cent over the year to March, inflation is under control – the RBA's measure of core inflation is a little over 2 per cent, employment has been growing – at the rate of 25,000 per month over the year to May with much of that growth in NSW and Victoria, and because of the resources boom we will see business capital spending reach a 50-year high over 2012/2013. At the same time because of the euro zone problems there is uncertainty about the global environment and within Australia not every sector is experiencing the growth the aggregates suggest.

Growth is not, however, concentrated solely in the mining sector. The non-mining economy has grown at about 2 per cent over the past year with the largest increase being in the 'health care and social assistance' sector, in which employment rose by about the size of the combined fall in manufacturing and retailing employment. In his *Glass Half Full* speech, the Governor of the Reserve Bank (RBA) said that "the dispersion of unemployment rates by statistical region is no larger today than has usually been the case over the past 20 years. Hence, while there are clearly multiple speeds, the total speed seems to have been one of reasonable growth and low unemployment".

Changes have been occurring in household expenditure which has implications for those sectors of the economy dependent on household spending including that on housing. These changes may help explain the feeling of uncertainty about the future.

Household spending grew faster than income up to 2005 and that correspondingly the rate of saving from current income declined. In deed, the saving rate had been on a long-term downward trend since the mid 1970s.

Between 1995 and 2007 gross assets held by households more than doubled with the value of real assets increasing rose by more than 6 per cent per annum in real, per capita terms. The large part of this increase in real assets came from rising house prices. With the increase in asset values – primarily real estate – households borrowed against these and increased the ratio of aggregate household debt to gross assets to about 20 per cent and gross debt relative to annual income rose from 70 per cent in 1995 to around 150 per cent in 2007.

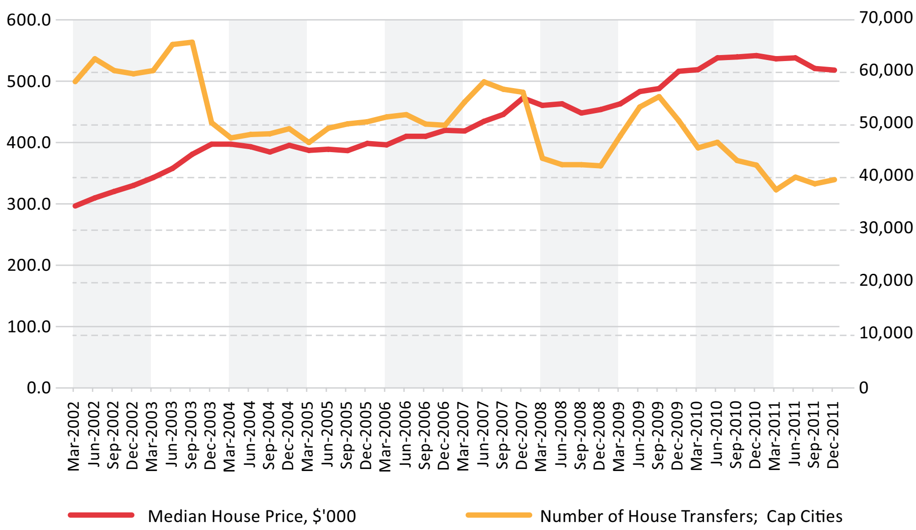
This historically high increase in asset values allowed spending to increase at a greater rate than income with subsequent growth in many sectors of the economy including retail.

With the onset of the GFC this changed. In the period June 2009 to March 2012, real consumption per head grew an annual rate of 1.5 per cent which is 40 per cent lower than the growth rate from 1995 to 2005. This coupled with a shift in the composition of spending away from goods to services has had a major impact on retail. Australians are now spending more on services than they do on goods. The growth in online sales has exacerbated the situation for retailers.

Associated with the decline in asset prices – housing, shares and superannuation balances – real household assets per head today are about the same as they were five years ago.

For real estate agents and related businesses, as seen in the graph on the right, these changes have seen the rate of dwelling turnover decline markedly to about one-third less than it was on a decade ago.

What does this mean for real estate agents in the future? Households by saving more are again building wealth and once debt levels are seen as acceptable will again purchase real assets. When this occurs, rises in house prices are expected to be more moderate than those in the past.



Saul Eslake, of Bank of America Merrill Lynch, predicts that rises will average 3 to 4 per cent per annum over the next decade. A view supported by many other economists and analysts. As the graph shows, periods of more modest house price growth, such as between December 2003 and December 2006 when prices increased by an average of around 2 per cent per annum, provide for greater stability in turnover rates.

It is for the reasons above that the Governor of the RBA stated that "*for Australians, the glass is well and truly half full*".

A MESSAGE FROM

MIKE HIRST

MANAGING DIRECTOR OF BENDIGO AND ADELAIDE BANK

Mike Hirst

We're pleased to be able to support the work of the Real Estate Institute of Australia with our new sponsorship of the quarterly Real Estate Market Facts and Housing Affordability Reports.

REIA has a well deserved reputation as the most credible source of knowledge and considered opinion regarding the residential and commercial property markets in Australia and plays an important role in advising government and policymakers on issues affecting the sector and the housing market more generally.

About Bendigo and Adelaide Bank

At Bendigo, being Australia's leading customer-connected bank is the vision that drives each and every one of us, and while we have made huge strides towards achieving this, we're constantly raising the bar and understand we can always do more to help our customers and support our communities.

Our strength comes from our focus on the success of our customers, people, partners and communities. We believe we have a market-beating strategy, an ethos that sets us apart from others and a point of difference that cannot be genuinely replicated.

A bank here for the long haul

We take a 100-year view of our business; we make decisions for the long-term and understand that we hold a privileged position as the stewards of a 154-year-old institution that has become far more than just another bank.

We listen to our customers, because if we can understand what our customers want and help them to achieve it, then we will be relevant, connected and valued. Our ability to forge partnerships is unique to us and differentiates us from other banks and we'll build on this strength and leverage it, to ensure the prosperity of our business and the customers and communities we serve.

Building stronger communities, creating new opportunities

Bendigo believes successful customers create successful communities and as we work to provide banking products and services for our customers, we consider the bigger picture and think about what we can do beyond banking to help strengthen communities, solve problems and generate new opportunities.

We have created a number of unique partnerships and services to achieve these goals. We consider how we can enhance community services, employment opportunities and develop alternative income streams through our **Community Bank**® network, Community Telco™ and Community Enterprise™ models.

Bendigo Wealth

We've also realigned our Wealth offering, launching a one-stop shop for customers under the Bendigo Wealth umbrella. This will assist us in leveraging our expansive retail network and allow us to provide essential financial solutions such as financial planning,

PHOTO L to R: John Billington with REIA CEO, Amanda Lynch at signing ceremony

insurance and superannuation to customers who in the past may have only turned to us for loans, credit cards or statement accounts.

Our third party lending business is experiencing levels of growth comparable to the pre-GFC era. Mortgage brokers are still seeking an alternative to the major banks and we are that alternative.

Growing strongly and sustainably

Our retail network continues to grow with a further 20 branches opened and nine agencies established this year. We now have more than 590 customer service outlets Australia-wide, and will continue to add to this footprint, further enhancing customer convenience and personalised service.

Our Bank helps those in need through our philanthropic arm Community Enterprise Foundation™. We work to address climate change through our Environment and Sustainability team and Generation Green™ program. We offer opportunity and support through our scholarship and sponsorship programs and reach out to youth through Lead On Australia. We engage with online communities through our social media initiatives like Plan Big and offer alternative banking products through Community Sector Banking and Homesafe Solutions.

We mean business too

It's the time and effort our Bank spends innovating in the community that makes us unique. It's what sets us apart and it's our point of difference. It's also why so many people choose to bank with the Bendigo.

Our Business Banking Managers take a personal interest in your business. They listen, understand your opportunities and challenges, and deliver banking solutions that are practical and save you time and money.

We're always happy to talk about how we can help you with your business, so please, take the opportunity to look at what we have to offer and visit us online soon.

Yours sincerely,

Mike Hirst
MANAGING DIRECTOR
BENDIGO AND ADELAIDE BANK

FOR MORE INFORMATION VISIT

Business Banking

Bendigo Wealth

Bendigo Bank

business

We see the big picture

We see the detail

At Bendigo Bank we understand that for business owners, business is personal.

That's why our Business Banking Managers take a personal interest in your business. They listen, understand your opportunities and challenges, and deliver banking solutions that are practical and save you time and money.

And when you choose to do your business banking with Bendigo Bank, you not only make a decision that delivers results for your business, you make one that benefits your whole community.

That's because with every product or service we offer, money goes back into communities to support local projects, groups and organisations. So simply by banking with us you are helping to grow the very market in which you operate.

It's not something you'd expect from a bank. So why do we do it? Because strong successful communities are good places to live and do business - and that's good for all of us. It's called common sense.

So if you would like to see how your business and your community can benefit through Bendigo Bank, contact your local Business Banker on **1300 BENDIGO** or visit www.bendigobank.com.au.

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879. (S41021) (06/12)

U see results

www.bendigobank.com.au/business

INDUSTRY ARTICLE

By Carolyn Majda, Manager,
Terri Scheer Insurance

HOW TO IDENTIFY DRUG LABS IN RENTAL PROPERTIES

Temporary drug laboratories in rental properties can create major headaches for property managers, cause considerable damage to rental properties and cost landlords thousands of dollars in repairs and subsequent lost rent.

Tenants involved in manufacturing illicit drugs such as cannabis, methamphetamine, ecstasy and GHB can go to great lengths to hide such activities and may abscond before their lease is up for renewal, so they can be difficult to detect if you do not know what to look out for.

The following tips can help property managers to identify the presence of drug laboratories:

CONSIDER THE LOCATION

The more secluded a rental property is, the easier it is to conceal illegal activities.

If you manage properties that are located in quiet neighbourhoods, are hidden behind large fences or dense foliage, or have no windows that are visible from the street, they may appeal to illegal drug manufacturers.

CONDUCT REGULAR PROPERTY INSPECTIONS

It takes three months to cultivate a hydroponics crop, so conducting quarterly property inspections will increase the chances of detecting any illegal activity and assist landlords to lodge insurance claims as soon as possible.

While conducting inspections, look out for signs that the property is being lived in. Illegal drug manufacturers generally do not live at the properties they use to cultivate crops.

Intense lights used in hydroponics can visibly fade paintwork, so look behind hanging pictures for signs of colour variations on walls.

Chemical waste is commonly disposed of down the drain, so ensure there are no blockages in the plumbing system and that the pipes are in good working order.

There may also be cause for concern if a tenant who is present at the property at the time of the inspection restricts you from entering specific rooms.

LOOK OUT FOR UNUSUAL ITEMS

Certain items are commonly used to manufacture illegal drugs, including portable air conditioners, glass flasks, beakers, rubber tubing, gas cylinders, chemical containers, drums, drain cleaner, acid, garden fertiliser and cough, cold or allergy medicine.

If such items are present at the property and appear inconsistent with practical use, it may indicate the presence of a drug laboratory.

PAY ATTENTION TO THE SMELL

Drug manufacturing can cause fumes, vapour and excessive heat to escape from windows and ventilators, so pay attention to strong, unpleasant or chemical odours in unexpected places.

» *article continues*

MODIFICATIONS TO THE PROPERTY

It is a good idea to check whether the meter board has been tampered with or rewired, and whether there are holes in nearby walls, built-in cupboards or ceilings that could have been used to directly feed wires to the power source.

Try pulling up the carpet – if it comes away from the floor easily, it may have been removed to prevent staining in the drug manufacturing process and re-laid prior to inspection.

Windows that are constantly covered or sealed during the day and night, and rooms that are covered in alfoil are also common signs that drugs may have been manufactured at the property.

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

About Terri Scheer Insurance

Terri Scheer Insurance Pty Ltd ABN 76 070 874 798 (Terri Scheer) provides insurance cover for landlords, helping to protect them against the risks associated with owning a rental property. These include malicious damage by tenants, accidental damage, landlord's legal liability and loss of rental income. Terri Scheer acts on behalf of Vero Insurance Ltd, the insurer which issues the insurance cover. Terri Scheer has not taken 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.

ECONOMIC FORUM 2012

REIA's CEO Amanda Lynch attended the Prime Minister's Economic Forum on 12–13 June along with 129 representatives from business, industry bodies, unions and community organisations, as well as state and territory governments. Other representatives from the housing sector attended including the CEO of Master Builders Australia, Mr Wilhelm Harnisch and the Managing Director of the Housing Industry Association, Mr Shane Goodwin (pictured).

The Forum was divided into five sessions:

- *Australia's Patchwork Economy and the High Dollar*: opened by Reserve Bank of Australia Governor Glenn Stevens and the Deputy Prime Minister Wayne Swan.
- *Economic Transformation: Innovation and Collaboration*: Opened by the Minister for Industry and Innovation Greg Combet.
- *Investment in Productive Infrastructure*: opened by the Minister for Infrastructure and Transport Anthony Albanese.
- *Building the Workforce: Skills and Education*: opened by the Minister for Tertiary Education, Skills, Science and Research Chris Evans.
- *Competition and Deregulation Reform Agenda*: opened by the Minister for Finance and Deregulation Penny Wong.

The Forum provided an opportunity for Ms Lynch to raise the issue of national licensing and the importance to the economy that skills and education are not compromised in the push towards a deregulated seamless national economy. Speaking at Session 4, Ms Lynch said recommendations put forward by the COAG Taskforce in relation to a National Licensing System for the real estate industry would erode standards and diminish the economic benefits of the reform.

"The REIA is supportive of national licensing and shares our members' frustrations with the delays in the process. However, it would be a grave mistake to allow standards to be set by the lowest common denominator in pursuit of an outcome," Ms Lynch said.

The National Licensing System is a result of COAG's agreement to remove overlapping and inconsistent regulation between jurisdictions in the way that occupations are licensed. It was originally anticipated that the new system would commence on 1 July 2012 for the first tranche of occupations which include property agents. However, with delays in the process, it is now unlikely that commencement will occur before 2013.

PHOTO L to R: Amanda Lynch, Shane Goodwin, Wilhelm Harnisch

The COAG Taskforce has made recommendations that would reduce the level of qualification required for a licensed agent and their representatives, remove compulsory professional development and make it unnecessary for commercial agents to be licensed at all. Ms Lynch says lower standards would lead to greater consumer risk and would be detrimental to the industry in the longer term.

"In the push towards nationalisation, national standards for skills and training should be set so we can ensure the service delivery that is expected of our industry is not compromised," she said.

The Minister for Tertiary Education, Skills, Science and Research, Chris Evans, and the panel acknowledged that the workforce needs to be upskilled and innovation, education and training needed to be embraced by the corporate world and encouraged by governments especially in the current climate where productivity has flattened to 0.4% between 2006–2011 from 1.9% between 1991–2005. With the RIS expected out later this month, it is important to take every opportunity to push our case.

Also discussed at the PM's Forum were house prices and the reason behind the grumpiness and dissatisfaction among many Australians at the moment. Reserve Bank Governor Glenn Stevens said that between 1995–2005 household asset wealth grew by 6% a year, which is a $250,000 a person increase. This was not sustainable. Australians got used to rising asset values and rising leverage and this has now ended. Real estate is now increasing one-third less on average than over the past 10 years and 50% less than its peak. Retail is experiencing a similar decline with the consumption rate returning to growth at 1.5% a year but nothing like previous growth rates. Australians are strengthening savings rates which are now close to 10% compared with 0% in 2003.

In her closing speech to the Forum, Prime Minister Julia Gillard asked the business tax working group, formed out of last year's Tax Forum, to prioritise the delivery of a company tax cut following the Government's earlier decision not to introduce it into Parliament. However, business has expressed disquiet that the cut will be funded from the current business tax system rather than expenditure cuts.

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

www.reisuper.com.au

INDUSTRY ARTICLE

REI SUPER ANNOUNCES NEW INSURANCE OFFERING FOR REAL ESTATE AGENTS

REI Super Chief Executive Officer, Mal Smith:

'Following a detailed review and research into our insurance arrangements and the needs of our membership – over 32,000 real estate agents, property managers and staff we have made several enhancements to our insurance to significantly benefit current and new members.

As an Industry Super Fund we are constantly looking for ways to provide superior services to our members and the premiums for our insurance are very cost effective as they are commission free.

In particular we are pleased to offer increased cover for part time employees as many women working in real estate do so on a part time basis, whilst balancing family responsibilities and we recognise the importance of providing cover to these members.'

The main changes to REI Super's insurance are:

- Doubling of the maximum level of Life and TPD cover up to $2,080,000 (or 20 units)
- Doubling of the automatic level of cover for new members without the need for health evidence
- Doubling of the level of cover available without the need for health evidence
- Introduction of 'life events cover' additional cover when members get married, start a family, purchase a house without the need to supply health evidence
- Change in the cover for members on a 'life stage' scale to better match 'peak debt' years when real estate professionals are most vulnerable financially
- Total and permanent disablement cover now available for casual and part time staff

REI Super also continues to offer salary continuance cover (income protection) for members up to $240,000 pa including commissions.

» *More information about REI Super and the insurance cover available to members is available at www.reisuper.com.au or by emailing bdm@reisuper.com.au*

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INDUSTRY ARTICLE

SOCIAL MEDIA

AND THE REAL ESTATE INDUSTRY

Social media – the current landscape

Social media is rapidly becoming a major component of the marketing strategy for many Australian real estate agencies that are increasingly utilising outlets such as Facebook, Twitter and Google to promote their products and brands.

Video and photo sharing websites such as YouTube and Flickr have also been used with great success in the real estate industry, allowing potential purchasers to view properties virtually.

When executed in a professional manner, social media can be a powerful tool for communicating your message and enhancing your brand and image. If handled poorly, however, there can be significant adverse ramifications for your business.

The old and the new

In a different era, errors made in print media such as newspapers or magazines could be addressed by a correction or retraction in the following edition. In the era of social media, what is published online is potentially available forever and frequently opened for comment in the public arena.

This longevity of social media is coupled with the increased speed with which you can now engage your audience, as well as a much larger audience than was reached traditionally.

The same legal exposure for traditional print media applies to online materials. However, the accompanying risk factor is that any error or omission or misrepresentation can be distributed faster and to a much larger audience.

Areas of legal exposure to consider are: Misrepresentation, Defamation, Breach of Privacy, Breach of Copyright, Breaches of Australia Consumer Law and Passing Off.

In the real estate industry, these exposures have included misrepresentation claims arising from sales conducted over the internet where the wrong photos have been uploaded or videos are thought to have been misleading.

Social Media and Employees

The mass appeal and accessibility of social media via work computers, iPhones, iPads and other devices have also raised questions on how to control the postings of staff members, and what disciplinary actions to take if the postings are inappropriate or affect the reputation of the business or employees.

A number of workplace disputes are currently before the courts where employees have been dismissed in relation to allegations of inappropriate use of social media sites such as Facebook. Recent examples include:

- Aggressive or threatening comments about employers and managers.
- Photos using the company logo and uniforms in an inappropriate manner, allegedly defaming the company name.
- Allegedly racist and sexually derogatory comments about fellow employees.

» *article continues*

Affordable Landlord Insurance

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Aon offers two types of Landlord insurance:

Rental Protection Plus: A tailored insurance offering where you pay only for the cover you need.

Rental Protection Plus Advantage: The level of cover and price are fixed per state.

Aon's Landlord cover is flexible, your client can choose higher limits if they wish. Just let us know and we'll arrange it.

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- Contents cover
- Liability cover
- Flood cover
- Clean up costs associated with illegal drug production.

To become a distributor of Aon's Landlord insurance offering go to:

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E au.realestate@aon.com

W aon.com.au/realestate

* Subject to full policy terms and conditions

AON

Why you need a Social Media policy

Given the very real legal (and financial) consequences of social media misuse, Aon strongly recommend that in addition to any existing employee manual, a social media policy be developed for your business.

It should ideally provide clear guidelines for the responsible use of social media, both during and outside business hours. Any behaviour that is considered unacceptable at work should also be unacceptable online. It should also address the protection of the reputation of both the business and all employees by incorporating the five major categories of unacceptable behaviour in the workplace and their application to social media use: Discrimination, Harassment, Bullying, Victimisation, Aggression and Violence.

Employees should also be alerted to the fact that private postings on social media sites about their employer or fellow employees could have consequences and affect their employment status. For example, a policy may include the following statement: *"A breach of the rules of engagement or unreasonable or inappropriate usage of social media will be taken seriously. Disciplinary action up to, and including termination of, your employment may apply."*

Finally, because social media is constantly evolving, any social media policy must be regularly reviewed and updated.

Aon recognises the vast changes that have occurred with social media and how its policies may assist. For further information please contact Aon's Real Estate Insurance Experts on 1300 734 274, au.realestate@aon.com or visit http://www.aon.com.au/realestate

This article is brought to you by REIA Research Officer, Evgeniya Hawthorne
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TENURE TYPE AND DWELLING STRUCTURE PREFERENCES AMONG AUSTRALIANS

Recently released census data shows that Australia's home ownership rate remains one of the highest in the world. Of all occupied private dwellings, 67 per cent are owned either outright or with a mortgage.

Although the Australian Bureau of Statistics findings show that three quarters of private dwellings are separate houses, the census data shows that higher density housing structures are becoming more popular.

Table 1 adjacent shows the number of people in different types of dwellings as a percentage of the total Australian population in occupied private dwellings. Over the last ten years, there has been a slight decrease in the proportion of people living in separate houses and, consequently, a slight increase in the proportion of people living in semi-detached houses, row or terrace houses, townhouses, etc. and in flats, units, and apartments.

TABLE 1 *Proportion of Persons in Occupied Private Dwellings*

	Separate Houses		Semi-detached Houses, Row or Terrace Houses, Townhouses, etc.		Flats, Units, Apartments	
	2001	2011	2001	2011	2001	2011
AUSTRALIA	82.1%	81.4%	7.0%	8.2%	8.8%	9.7%
NSW	77.4%	75.7%	8.0%	9.5%	12.8%	14.1%
VIC	84.4%	82.6%	6.3%	8.0%	7.8%	8.9%
QLD	84.0%	84.6%	5.2%	6.5%	7.9%	8.0%
SA	84.5%	85.4%	8.9%	8.4%	5.2%	5.9%
WA	85.4%	86.0%	8.0%	8.1%	4.2%	5.3%
TAS	91.1%	90.7%	3.6%	3.8%	4.1%	4.9%
NT	75.2%	77.9%	6.7%	7.9%	9.2%	11.0%
ACT	83.7%	79.8%	9.8%	11.8%	5.9%	8.3%

The Australian Capital Territory has the highest percentage of people living in semi-detached houses, row or terrace houses, townhouses, etc. Across the country, these types of dwellings recorded the largest increase in the proportion of population living in them over the last ten years.

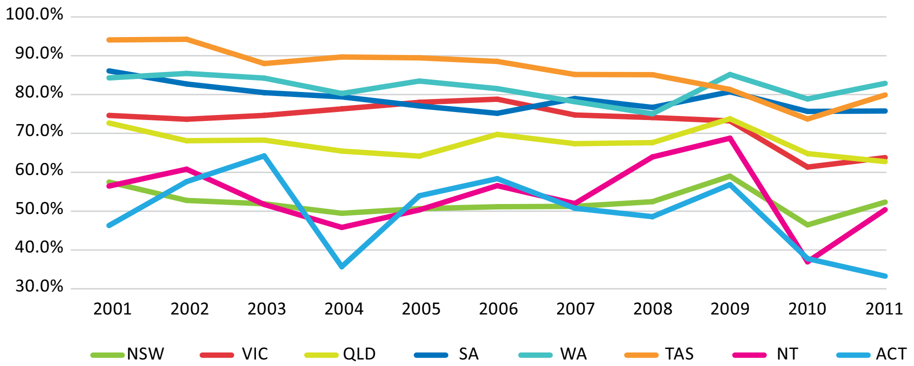
New South Wales and the Northern Territory have the highest proportion of people living in flats, units and apartments. The Australian Capital Territory recorded the highest increase over the last ten years.

There is a strong connection between tenure and dwellings type. The detached houses are predominantly owner-occupied while higher density types of dwellings are more likely to be rented. Although, supporting this point, Table 2 (over the page) shows that over the last ten years there has been an increase in the proportion of owner-occupied higher density housing in Australia.

TABLE 2 *Dwellings Structure by Tenure and Landlord Type in Occupied Private Dwellings*

Owned (outright or with a mortgage)	Separate Houses		Semi-detached Houses, Row or Terrace Houses, Townhouses, etc.		Flats, Units, Apartments	
	2001	2011	2001	2011	2001	2011
AUSTRALIA	76.4%	75.9%	43.2%	47.9%	26.2%	32.5%
NSW	76.6%	77.4%	46.9%	52.3%	27.9%	35.6%
VIC	80.0%	78.6%	50.3%	53.5%	27.7%	32.7%
QLD	71.9%	71.6%	31.7%	38.9%	22.0%	27.6%
SA	79.5%	76.5%	33.8%	39.1%	25.7%	27.9%
WA	75.4%	74.0%	43.6%	44.9%	25.6%	30.9%
TAS	76.5%	76.6%	32.4%	34.2%	21.5%	26.2%
NT	50.6%	53.3%	29.2%	35.3%	16.9%	25.2%
ACT	76.5%	77.4%	46.9%	49.6%	17.9%	28.9%

FIGURE 1 *Detached Houses in the Total Number of New Residential Dwellings Approvals*



The graph below (Figure 1) shows that over the last ten years, the proportion of detached houses in the total number of new residential dwellings approvals declined from 70.6 per cent in 2001 to 63.2 per cent in 2011. By contrast, flats, units and apartments recorded the largest increase from 17.0 per cent to 23.8 per cent over the same period.

A Grattan Institute survey last year found that whether a house is detached was only the fifth most important characteristic when choosing a home, while having a big garden was ranked twentieth.

Indeed, we are observing a slow change in housing preferences among the Australian population. Not only are more high density dwellings being built, they are also more likely to be preferred for owner-occupation compared to what we saw ten years ago.

INDUSTRY ARTICLE

Richard Rawlings

TOP UK AGENCY TRAINER TO HELP RAISE COMMISSION LEVELS IN AUSTRALIA

The UK's Estate Agency Trainer of the Year, Richard Rawlings, is about to embark on his second nationwide tour of Australia. Here he offers advice to agents who might be tempted to cut their commission in order to "get the business!"

Estate Agency fee percentages are spiralling down although we only have ourselves to blame. Now is the time to reverse this trend – and it's easier than you might think!

Increasing agency fee percentages is my passion and avoiding commission cutting is an aspect of estate agency training that really excites me, because it's a (perceived) problem that, through an understanding of the psychology involved, can be overcome. If fee-cutting is not currently a problem for you, then you are almost certainly too cheap or the day is dawning when your competitors will put you under serious fee pressure.

I once asked an agent to do a market appraisal on my house and asked him what his firm would charge to sell it. He immediately said he'd slash his fee by 33% to get the business. I was just about to ask him why he so readily wanted to throw away a third of his revenue (all profit) but I decided to keep quiet and take advantage of his generous offer, even though he had just proved what a weak negotiator he was!

But his weakness over fees is not uncommon. We allow ourselves to think that because some of our competitors are cheaper, then we cannot charge much more than them. YES WE CAN! Much more!

I have studied this subject for over 20 years and am convinced that 80% of the issue is in the mind of the agent and 20% is in the mind of the seller, both of which can be influenced, modified and persuaded.

If you'd like to make a major impact on your own bottom line, I can help – irrespective of where you are or what your competitors charge. I have just launched an Australian version of my "Raising Fees Instantly" seminar during August, which includes over one hundred highly persuasive yet professional techniques and client dialogues that WILL improve both your fee and your conversion ratio of appraisals to listings. This seminar will make you both ATTRACTIVE and PERSUASIVE – the two major components of effective fee raising.

This is a big, important subject and I can confidently offer you a 200% money back guarantee if you don't raise your commission percentage significantly (subject to any legal limits such as in Queensland) as a result of using the material I share with you during this half day morning seminar This is followed by an afternoon session about how to persuade the seller to appoint you – at the right asking price!

You can find further details, check your nearest venue and book your places here.

Check it out today!

Richard Rawlings
UK ESTATE AGENCY TRAINER
OF THE YEAR 2012

www.EstateAgencyInsight.co.uk

7th National Housing Conference

People — Place — Productivity

30 October–2 November 2012
Brisbane Convention and Exhibition Centre

The biennial National Housing Conference is considered the leading national housing meeting in Australia. It aims to provide a platform for sharing, debating and promoting ideas in housing research, policy and practice.

The theme for this year's Conference in Brisbane, **People—Place—Productivity**, will provide an opportunity to explore the essential connections between affordable housing and productivity, and its effect on people, place, community and the nation.

It will bring together national and international experts to discuss a range of topics including:

- Creating and financing affordable housing
- Smart and liveable housing design
- The productivity of the housing construction industry
- Setting rent policy
- Accessing the private rental market
- Homes versus productivity
- Housing and labour markets

The Conference is a must attend event for everyone interested in discussing and debating innovative solutions and partnerships to guide Australia's future approach to affordable housing delivery.

Register now!
www.nhc.edu.au/brisbane2012

AHURI Australian Housing and Urban Research Institute

Queensland Government

NEW FINANCIAL YEAR CHANGES

Recent state budgets will result in some changes to home-buyer incentives and stamp duty rates in coming weeks.

In case you missed it, Rebecca Thistleton provided a handy summary in *The Australian Financial Review.*

Victoria

- From July 1, stamp duty reductions for first home buyers will increase from 20 per cent to 30 per cent on January 1, 2013, to 40 per cent on January 1, 2014, and to 50 per cent on September 1, 2014.

NSW

- First home buyers purchasing or building new homes will receive $5000 for homes up to $650,000 and for land bought up to $450,000. Available to all buyers, including investors from July 1.
- From October 1, first home owners who purchase or build a new home up to $650,000 will receive $15,000, which will reduce to $10,000 from January 1, 2014.
- The cut-off threshold for stamp duty exemptions will rise to $650,000.

Queensland

- Between August and January, a $10,000 grant will be given to new home buyers. The state government will reinstate pre-August 2011 duty concessions, where existing home owners are eligible for concessions on the first $350,000 of their purchase.

South Australia

- Stamp duty will be scrapped for off-the-plan apartments valued up to $500,000 in Adelaide City and Adelaide North. The concession will be capped for apartments costing more than $500,000.

ACT

- Announced a policy to remove stamp duty over 20 years. First phase came into effect on June 6, the day after the Budget was handed down, with a reduction in stamp duty for all properties valued at less than $1.2 million.

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AUSTRALASIAN
REAL ESTATE INSTITUTES'
AUCTIONEERING
CHAMPIONSHIP

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).

*For more information about this exciting opportunity contact: **Lisa Stewart**, Manager Marketing and Events (08) 8366 4325, 0407 620 897, lisa.stewart@reisa.com.au*

The 2012 Australasian Real Estate Institutes' Auctioneering Championships

The Australasian Real Estate Institutes' Auctioneering Championships were first held in 1993, providing a significant opportunity for both countries to showcase the best Auctioneers they have to offer.

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.

> "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.

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 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:

Awards Ceremony Dinner

- Complimentary table of 10
- Corporate logo on all advertising, media and promotional material
- Corporate logo on AV presentation including 1 x 20 sec fully-voiced AV sting
- Sponsorship acknowledgement by Master of Ceremonies
- Complimentary full page advertisement in the Award Program

Australasian Auctioneering Championships Final

- Corporate logo on all advertising, media and promotional material
- Sponsorship acknowledgement by Master of Ceremonies
- Complimentary logo on AV presentation

Australasian Auctioneering Championships Heats

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Barossa Valley Wine Tasting Day

- Corporate logo on all advertising, media and promotional material
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Website

- Corporate logo, including a hyperlink to your company's website and animated GIFs and banners on REISA website and on the Society for Auctioneers and Appraisers website
- Sponsorship acknowledgment on the REISA eBook

Promotion of the event via Social Networking Media

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Visit our website:
www.reisa.com.au

INDUSTRY UPDATE

Industry news from around Australia

Release of Housing Supply and Affordability – Key Indicators, 2012: Principal Findings

The National Housing Supply Council's *Housing Supply and Affordability – Key Indicators, 2012* report released in June has found the growth of housing stock in Australia in 2010–11 fell short of the increase in estimated underlying demand for housing.

Changes in underlying demand are primarily the outcome of demographic processes, including population growth and changes in age structure, which affect the number and size of households and feed into market demand for housing.

The estimated imbalance between underlying demand and supply in 2010–11 occurred in an environment of moderate interest rates and flat or falling house prices and despite government actions to increase the supply of affordable housing, improve strategic planning, development approval arrangements and infrastructure provision as well as innovation in the residential development and construction industry to produce more affordable housing.

More details available here

realestateVIEW appoints new director

Industry-owned property portal realestateVIEW.com.au has appointed Ray White Group Director Dan White to its Board.

Neil Laws, Chairman of the Board of realestateVIEW.com.au welcomed Dan White's appointment as a Non-Executive Director.

"We are delighted that Dan has agreed to join the realestateVIEW.com.au Board and strongly believe that his commercial and professional experience will be an invaluable addition to the Board in particular as the business continues its national expansion.

Stamp duty concession reinstated in Queensland

The reinstatement of the Principal Place of Residence (PPR) stamp duty concession and the removal of sustainability declarations will be enormously beneficial to home owners and real estate professionals, according to the Real Estate Institute of Queensland (REIQ).

The Treasury (Cost of Living) and Other Legislation Amendment Bill 2012 was passed by the Queensland parliament in June and will see home buyers save up to $7,000 in stamp duty from 1 July.

The Bill will also result in sustainability declarations being removed from the selling process within coming weeks.

REIQ CEO Anton Kardash said both policies would be warmly welcomed by everyone involved in the real estate profession.

More details available here

Rate cuts yet to fire up new home sales

New home sales crept up by 0.7 per cent in May 2012, suggesting interest rate cuts are yet to have a widespread impact, said the Housing Industry Association, the voice of Australia's residential building industry.

The HIA - JELD-WEN New Home Sales report, a survey of Australia's largest volume builders, registered the slight rise in May 2012 due to a 21.1 per cent jump in the sales of multi-units. In a disappointing result, detached house sales fell by 2.0 per cent.

"The impact of interest rate cuts at the end of 2011, together with the announcement of a 50 basis point cut to the Official Cash Rate on May 1 this year, has so far done little to spur new home sales, given the soft outcomes evident for detached houses," said HIA Chief Economist, Dr Harley Dale.

More details available here

MAKING NEWS

General national news

Interest rates

The RBA has left the cash rate unchanged at 3.50 per cent at their July Board meeting. Governor Glenn Stevens said the Board judged that, with inflation expected to be consistent with the target and growth close to trend, but with a more subdued international outlook than was the case a few months ago, the stance of monetary policy remained appropriate.

More details available here

First look at Census 2011

The first release of data from the 2011 Census of Population and Housing was made available in June through the ABS website. The 2011 Census was the largest logistical peacetime operation ever undertaken in Australia, employing over 43,000 field staff to ensure approximately 14.2 million forms were delivered to 9.8 million households.

2011 data will be progressively released through a range of 2011 Census products and services.

More details available here

Don't panic – no collapse in sight

Reserve Bank assistant governor Guy Debelle told a mortgage conference in Adelaide that Australia is not in danger of a collapse in the housing market, again playing down concerns that Australia could suffer price falls like those seen in the United States or parts of Europe.

''People point to the level of debt that the Australian households carry – and it is relatively high compared to some of our peers, but we don't see any problem with the households servicing that," Dr Debelle said.

"The average loan to valuation ratio is not particularly high. And when we look at arrears, they've basically been going sideways at a pretty low level now for 18 months or so."

Dr Debelle agreed with the moderator saying renewed claims of a likely collapse were more a sign of economists in search of a headline than a reflection of reality.

More details available here

Australia's poorest hit hard by declining affordability

New analysis by the COAG Reform Council shows more than three in every five of the lowest income renting households pay more than 30 per cent of their income on rent.

Council Chairman, Mr Paul McClintock AO, said the third annual report on the National Affordable Housing Agreement shows that in 2009–10, 61 per cent of the lowest 10 per cent of Australian households by income were in rental stress. This is up from 49 per cent in 2007–08.

More details available here

RBA Financial Aggregates for May

Housing credit increased by 0.3 per cent over May, following an increase of 0.4 per cent over April. Over the year to May, housing credit rose by 5.1 per cent.

More details available here

Dwelling approvals rise in May

ABS Building Approvals show that the number of dwellings approved rose 27.3% in May 2012, in seasonally adjusted terms, following a fall of 7.6% in the previous month.

The value of total building approved rose 43.4% in May, in seasonally adjusted terms, after falling for 3 months. The value of residential building rose 26.8% while non-residential building rose 71.0%.

More details available here

POLITICAL WATCH

Information and news from government

A win for small business as Super becomes easier

The Superannuation Legislation Amendment (Stronger Super) Bill 2012 which includes measures recommended by the Cooper review into Australia's superannuation system passed through the House of Representatives in June.

Minister for Financial Services and Superannuation, Bill Shorten and the Minister for Small Business, Brendan O'Connor have described the passage as a win for small business.

"The super system can be difficult to use for employers as each fund has its own data requirements and processes. These reforms will remove the need for employers to provide different information (or in a different format) to different funds," Mr Shorten said.

"These reforms cut red tape for small business owners and make it easier for employers to manage their employees' entitlements," Mr O'Connor said.

More details available here

O'Farrell puts the brakes on NSW economy

The NSW Opposition says new Australian Bureau of Statistics data shows NSW housing construction starts under the O'Farrell Government have plummeted to the lowest levels since records first began being kept.

In the March 2012 quarter, just 5,158 new homes were commenced in NSW – down 40 per cent on the previous year.

This is the lowest housing construction start for NSW since the record first began being kept – back in 1984.

"The O'Farrell Government has overseen the lowest housing construction starts in NSW since records first began being kept," Opposition Leader, John Robertson said today.

More details available here

Opposition ramps up carbon tax campaign

The Federal Opposition has taken the extraordinary step of writing to bakers, bottleshops, butchers, dry cleaners and fruit shops, providing valuable consumer information about the impact of the Gillard Government's carbon tax on their business and customers.

Shadow Small Business Minister Bruce Billson said Labor has been trying to gag local small businesses about the true cost of the carbon tax and the flow-through impact to consumers by scaring them into silence with fines of up to $1.1 million.

"The Gillard Government has left small business dreadfully exposed with the world's largest carbon tax and no direct compensation or analysis of how the tax will impact small business," Mr Billson said.

"On top of this the Government has failed to properly inform consumers about flow through price consequences because of the carbon tax.

More details available here

$112.1 million to help regional working families buy or rent homes

Homes will become more affordable for working Australians in 16 regional communities thanks to the Gillard Government's Building Better Regional Cities program.

Communities from Maitland to Mandurah will receive grants of up to $15 million over three years for local infrastructure projects which support new housing developments, Minister for Housing and Minister for Homelessness Brendan O'Connor said.

"We know that housing shortages are creating challenges in growing regional communities, now and into the future," Mr O'Connor said.

"Through Building Better Regional Cities, communities will receive funding to help reduce the cost of local infrastructure needed for new housing developments, such as roads, bridges, and water and sewerage works, so that those savings are passed on to home buyers.

More details available here

THE WORLD

Property news from around the world

Discover your magic at the REALTORS® Conference & Expo

The REALTORS® Conference & Expo is a great opportunity to expand your global learning and make new real estate contacts from all over the world. More than 1,000 international real estate professionals from more than 50 countries, as well as 20,000 US REALTORS® and guests, are expected to attend the real estate event in Orlando, Florida, in November 2012.

Choose from more than 100 educational programs, including many that focus on international interests. And check out the largest trade show floor in real estate, where 400 exhibitors will be on-hand with innovations and ideas.

Registration is open now. International attendees can join as an International REALTOR® member for only US $75 per year, and receive the discounted member registration rate.

More details available here

Canterbury real estate a 'seller's market'

The Press is reporting that the pool of new listings of properties for sale in Canterbury shrank about 20 per cent last month, with the industry calling it a seller's market.

It was a similar story around much of New Zealand where overall the number of new listings in June fell by 16 per cent to 9689, says the realestate.co.nz report for June.

The depletion of new listings means that if properties sold at the same rate, the pool of Canterbury properties would be sold in 16 weeks.

The asking price rose 2 per cent in Canterbury to a mean asking price of $389,618 in June from $383,504 in May and from $381,518 in April, the realestate.co.nz report said.

More details available here

New home prices rise in China for the first time in almost a year

A report on Propertywire.com says prices of new homes in China increased for the first time in 10 months as the government eased its monetary policies to bolster the economy.

Home prices increased 0.1% from May to 8,688 yuan ($1,367) per square meter, SouFun said in a statement today. The survey, based on prices in 100 cities, also shows that Beijing led gains among the 10 biggest cities, climbing 2.3% from May, followed by the southern business hub of Shenzhen, which saw prices rise 0.8%.

More details available here

No recovery in sight for high real estate prices in India

The Times of India says a look at the recent developments in the real estate sector indicates that prices could come down, but it all depends on the builders holding power.

Housing sales have come down, while at the same time newly built properties have added to the inventory of unsold houses. A report by the broking house Jefferies says that property volume has declined by 32 per cent year-on-year. The report points out that rising prices and high interest rates are the main contributor to the slowdown. Jefferies expects weakness in the sector to continue throughout the year. The bigger worry however, is raising inventory.

More details available here

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