

# REIANEWS

ISSUE FIFTEEN: AUGUST 2012



**REIA+SMALL  
BUSINESS**

## ALSO IN THIS ISSUE

THE GAP BETWEEN OFFICIAL  
INTEREST RATES AND  
MORTGAGE RATES

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INFORMATION.



Ms Pamela Bennett  
REIA President

# PRESIDENT'S REPORT



## WELCOME FROM REIA'S PRESIDENT

Much has been said over the past number of years about housing affordability in Australia. Late last month, Governor of the Reserve Bank Glenn Stevens said that affordability was the best it has been in a decade.

REIA's data and research is in accord with this view. The REIA Home Loan Affordability Indicator is now at 31.3 but remains well below the long-term average of 38.6.

As a result of lower house prices and therefore lower loan sizes, somewhat lower interest rates and a good deal of income growth, the repayment on a new loan on a median-priced house as a share of average income is now at its lowest for a decade, except for the 'emergency' interest rate period in 2009.

Glenn Stevens went on to say that Australian house prices are not unnecessarily high. However, prices relative to income are higher than they were 15 or 20 years ago. The discussion that Australia has overvalued dwelling prices has often been illustrated through comparisons with the US, which has experienced a property bubble. Glenn Stevens pointed out that simply comparing Australia and the US is spurious. When looking at the measure of house prices to income, Australia is comparable to other countries like New Zealand, Canada and Belgium. He considered that the prices to income ratio in Australia was not too high and that the US statistic was an outlier.

In this edition of REIA News, our Policy Manager Jock Kreitals takes a look at the gap between official interest rates and mortgage rates. Prior to the Global Financial Crisis, when the RBA changed its official interest rate figure, the banks would usually follow suit. This no longer seems to be the case. The June quarter CPI figures show that there's scope for further interest rate decline. This opportunity was not taken at this month's RBA meeting but there's no doubt such a decision by the RBA would improve affordability.

Cost of living affects every single Australian household and with the carbon tax or price implemented as of July 1, it's still early days as to how severe an impact it may have. We'll keep a close eye on developments as experience informs us.

**Ms Pamela Bennett**  
REIA PRESIDENT

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

## REIA + SMALL BUSINESS

COVER STORY

# REIA MEETS THE SMALL BUSINESS COMMISSIONERS

REIA CEO Amanda Lynch represented real estate professionals at the recent Council of Small Business of Australia (COSBOA) Summit in Melbourne. The 10th Summit was attended by Minister for Housing, Brendan O'Connor, Shadow Minister for Small Business, Bruce Billson, Greens Leader Senator Christine Milne, Tax Commissioner Michael D'Ascenzo, ACCC Chair Rod Sims and Senator Scott Ryan from Victoria.

Ms Lynch, who is also Deputy Chair of COSBOA, chaired the Forum on the 'State of the States – How Does the Small Business Environment Compare Across the Nation?'

"The vast majority of the membership of the Real Estate Institutes is small to medium businesses and 80% of real estate agencies employ 10 or



PHOTO L to R: COSBOA Board member Judith Van Unen, NSW Small Business Commissioner Yasmin King, REIA CEO Amanda Lynch and COSBOA Board member Vicki Stylianou

fewer people, so the health of the small business sector in Australia reflects the health of our members. The relationship with COSBOA is an important one for REIA and has continued over the past 34 years," Ms Lynch said.

The panel presentation featured discussion and Q&As with each of the state Small Business Commissioners sharing the features and future for

small business in their state. Most states and territories have appointed Small Business Commissioners. They are designed to be champions of small business, involved in mediating disputes between businesses (and not between consumers and businesses) as well as assisting businesses dealing with government.

» *article continues*



PHOTO L to R: Amanda Lynch, Small Commissioners Geoff Browne, Yasmin King, Mike Sinkunas, Amanda Castray from Small Business Development Tasmania and Jarrod Ashcroft from NT Department of Development



PHOTO Amanda Lynch

Increasingly their role is moving from resolving retail and business-to-business disputes, to advocacy, contract law and more recently South Australia is working on a Franchise Code of Conduct. The New South Wales Commissioner Yasmin King recently issued a discussion paper which indicated the Small Business Commissioner's Office could have "the ability to initiate proceedings in cases relating to anti-competitive conduct with respect to a small business." Ms Lynch asked for clarification on whether NSW would commence proceedings in circumstances where the ACCC decides not to act and thus invoke a constitutional issue. Ms King said the provision was not in conflict with the ACCC or ASIC and the Small

Business Commissioner's office would be a conduit to Commonwealth organisations and statutory authorities.

Victoria has had a Small Business Commissioner since 2003 (currently Geoff Browne) and over the past 12 months, NSW (Yasmin King), WA (David Eaton) and SA (Mike Sinkunas) have all appointed Commissioners. Queensland has yet to make an announcement about the future of its Commissioner following the change of government. With mediation success rates of around 80%, and the savings in legal costs, the Commissioners have already proved their worth. Later this year the Federal Government will appoint a national Small Business Commissioner. REIA

has advocated for this appointment and for the role to be focused on advocacy for the sector and to act to remove the plethora of red tape and over-regulation that is strangling the small to medium business sector. However, REIA and COSBOA are concerned that the position appears to have been watered down and will not be a statutory appointment with gives the State Commissioners their independence and clout. Mr Billson said the Opposition has promised to establish a dedicated advocate for small business in the form of an Ombudsman. Watch this space!

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



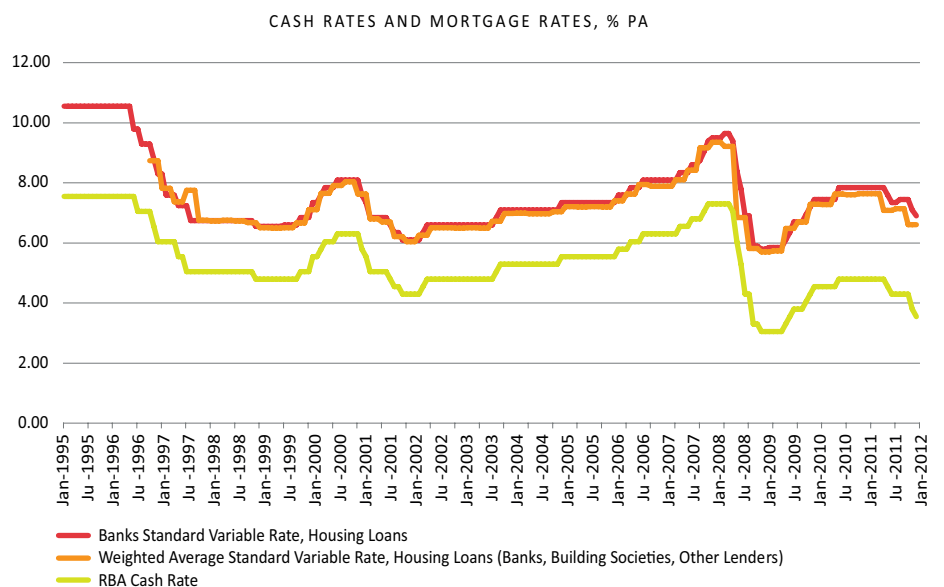
## THE GAP BETWEEN OFFICIAL INTEREST RATES AND MORTGAGE RATES

**Any observer of interest rate movements will have noticed that since the onset of the Global Financial Crisis in 2007 the relationship between official interest rates and mortgage rates appears to have changed.**

Prior to this when the Reserve Bank of Australia (RBA) changed official interest rates the banks would usually follow suit by reducing or increasing their variable mortgage rate by the same amount. This is no longer the case with the banks raising mortgage rates by more, or cutting them by less, than the RBA changes to official interest rate. This has been accompanied by calls by politicians for the banks to pass on in full recent interest rate cuts.

As seen in the graph below, the gap between the weighted average variable mortgage rate and the official rate has doubled from around 1.4 percentage points in the 10 years to December 2007 to 2.8 percentage points since then and is currently around 3.0 percentage points.

The reasons for this were explored by the Deputy Governor of the RBA, Dr Philip Lowe, in a speech



» *article continues*

to the 41st Australian Conference of Economists recently.

In short, even though Australia did not have a financial crisis, the North Atlantic crisis and the consequences of the continuing global financial crisis have had an impact. Whilst our banks are well regulated, they are affected both by the global financial markets and the moves by global regulators to have banks change their previous risk-taking ways and operate more safely.

Banks are now required to hold a higher proportion of their funds in shareholders' capital, with an improvement in the quality of capital, and a higher proportion of their assets in liquid form, making it easier for them to handle any increase in depositors wanting to withdraw their funds. These changes are occurring not just because of new regulations, but also because they are being demanded by the marketplace.

These changes have increased the cost of financial intermediation (the

gap between the average interest rate banks charge on the money they lend out and the average interest rate banks pay to depositors and other lenders). Most of this higher cost has been passed on to the banks' mortgage and business borrowers. The off-setting benefit to the higher cost is a safer and a more stable financial system.

The rise in loan rates relative to the cash rate is not isolated to Australia. The same is occurring in United Kingdom, Sweden and New Zealand and other countries where there is strong demand for deposits.

The RBA has recognised these developments and says they have been an important factor in the setting of monetary policy over recent years. The RBA has been setting official interest rates lower than would otherwise have been the case – probably of the order of 1.5 percentage points.



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# INDUSTRY ARTICLE

By Carolyn Majda, Manager,  
Terri Scheer Insurance

## ENSURE RENTAL PROPERTIES ARE CHILD-SAFE

**One of the most important roles of a property manager is to ensure the properties in their portfolio are safe for tenants – and their children – to live in. Not only will this contribute to creating a positive experience for tenants living at the property, it will reduce the possibility of injuries taking place which could potentially result in a liability claim for the landlord.**

Even if your tenants don't have children, consideration should still be given to making the property 'child-safe', as they may have children to visit or stay at the property at some stage during their tenancy. There are a few tips property managers can recommend to landlords to ensure their properties are child-safe:

### **Child-proof fittings**

Many people wouldn't consider long curtain and blind cords as safety hazards however young children can easily get tangled in them. Attaching a cleat to the wall to tie the cords out of reach is an inexpensive solution to the problem and will also make the property appear tidier. If electrical switches are positioned within child-reach, it may also be a good idea to install electrical safety devices to protect children against electrocution if they play with the fixture.

### **Balconies and windows**

If you manage any multi-storey properties or apartments that are part of a multi-level complex, children can potentially fall from high balconies and windows. Think about installing child safety locks to windows and doors that open onto balconies and re-positioning any low handles so young children are unable to reach them. Loose or torn synthetic flyscreens will not hold a child if they fall onto them, so upstairs windows and doors should be fitted with sturdy steel mesh or a strong grille

that is able to support their weight. Also ensure the balustrades inside the property are secure, and provide tenants with the option of temporarily installing a safety gate at the base of the stairs to prevent children from climbing on them unsupervised.

### **Outside**

If a property has a backyard which requires a lot of upkeep or contains large trees, it may be a good idea to hire a gardener to regularly attend to garden maintenance and remove any safety hazards, such as fallen tree branches, that could harm children. According to Australian regulations, pools must also be completely enclosed by fencing and have a self-closing gate. It is essential that property managers ensure that gate latches are working and the fence is intact at every property inspection to reduce the risk of children entering the enclosure unsupervised.

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# INDUSTRY ARTICLE

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[www.reisuper.com.au](http://www.reisuper.com.au)

## PROPERTY INVESTMENT THROUGH REI SUPER

**Australians' enduring love affair with real property or 'bricks and mortar' investments has sometimes been described as wanting to be able to 'see and touch' an investment, to find it real and not be merely 'paper based'.**

It is therefore perhaps with greater personal interest and affinity with this asset class that REI Super members view the various property investments that form part of REI Super's diversified portfolio of investments.

The Fund has both Australian and International property investments included in various investment portfolios as well as exposure to direct unlisted property.

### Where does REI Super invest?

Industry Super Property Trust (ISPT) is one of Australia's largest unlisted property funds. ISPT has over \$8 billion in funds under management and is considered to be amongst Australia's leading property fund managers.

ISPT is co-owned by 23 of the nation's most prominent industry super funds and like-minded organisations. REI Super currently invests around \$30 million in the ISPT Core Fund.

ISPT invests primarily in office, industrial and development properties across Australia. Many of these assets would be very familiar to REI Super members. REI Super members are indirectly involved in several projects around the country through ISPT.

### MELBOURNE

Two projects currently underway are the upgrades to ISPT owned Casselden Place at 2 Lonsdale St and Barkly Square Shopping Centre in Brunswick:

- Casselden Place is being transformed to meet industry expectations of A-grade commercial offices. The upgrade will see outstanding 'green' credentials including, a 5 Star green Star v3 design rating and a 4.5 star NABERS Energy and Water rating; making the building cheaper to run. With

» *article continues*

long established tenants such as the ATO, Australian Electoral Commission, Department of Immigration and Citizenship as well as several industry super funds, this commercial property is considered to be a strong investment.

- The Barkley project is a \$30 million upgrade to an existing asset.

#### SYDNEY

- Planning is underway for a \$15 million refit of 363-345 George St Sydney.
- Defence Plaza 270 Pitt St
- Sylvania Southgate shopping centre

#### BRISBANE

- Wintergarden Shopping Centre in the heart of Brisbane's Queen St mall upgrade was undertaken with a \$140 million investment by ISPT.
- A further office tower is proposed for the site once suitable tenants are found for pre-lease.

#### ADELAIDE

- Southgate Plaza in Morphett Vale expansion to include businesses such as Target.

#### CANBERRA

- ISPT has refurbished 2 National Circuit, a 5,000 square metre heritage listed building which was reopened by the Prime Minister on 5 December 2011.
- In addition to National Circuit there is a 30,000 square metre sustainable office in two linked buildings.

#### PERTH

ISPT is planning an upgrade of the Forrest Chase shopping centre asset in the heart of Perth.

To find out more about the investment performance of Australian and Global Property in the REI Super portfolio please go to [www.reisuper.com.au](http://www.reisuper.com.au). To become a member of REI Super please email [bdm@reisuper.com.au](mailto:bdm@reisuper.com.au).

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## EXPRESSIONS OF INTEREST STAY AND PLAY IN ADELAIDE

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REISA is now taking expressions of interest for the Golf Day on Monday 1st October.

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### Wine

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Experience some of the world's best wine in the spectacular Barossa Valley.

REISA is now taking expressions of interest for a fully escorted wine tour in the Barossa Valley on Tuesday 2nd October.

Join us for 'a schluck and a schnitte', which is Barossa Deutsch for some time set aside share some news or gossip, a glass of wine and a bite to eat. (We'll be back in time for the briefing and cocktail party).

### Food

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From modern Australian, to European, Asian, and everything in between, the city of Adelaide has a restaurant for all tastes.

Adelaide's most popular 'eat streets' are Rundle Street and Gouger Street, with plenty more to choose from on Waymouth Street, Halifax Street, Hutt Street and Leigh Street.

Drive five to ten minutes from the CBD and you will find Melbourne Street or O'Connell Street in North Adelaide, with even more eateries and night life.

For more information on the Golf Day and the Wine Tour, go to [reisa.com.au/eventsinfo](http://reisa.com.au/eventsinfo) or email [lisa.stewart@reisa.com.au](mailto:lisa.stewart@reisa.com.au) to register your interest.

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# KEY DATES

## Mon 1st October

Hosted Golf Day

## Tues 2nd October

Fully escorted Barossa Valley Wine Tour and lunch

Contestant briefing (5pm) followed by welcome cocktail party and competition draw – Panorama Suite, Adelaide Convention Centre

## Wed 3rd October

Competition heats – Adelaide Convention Centre (Holding room is located at the Intercontinental Hotel)

Happy Hour – Adelaide Convention Centre

## Thurs 4th October

Competition final – Adelaide Convention Centre (Holding room is located at the Intercontinental Hotel)

Dinner and presentation – National Wine Centre

After Party – Intercontinental Hotel Lobby Bar

## Fri 5th October

REISA Awards for Excellence in Real Estate – Adelaide Entertainment Centre

For more information visit [reisa.com.au/eventinfo](http://reisa.com.au/eventinfo) or email [lisa.stewart@reisa.com.au](mailto:lisa.stewart@reisa.com.au)



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This article is brought to you by REIA  
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## OPPORTUNITIES STILL EXIST FOR SAVVY AGENCIES

**For the last five years, real estate agencies have been operating in a challenging environment with sales volumes declining along with median prices. The average number of days to sell a residential property has increased from 67 to 74 days over the last two years and the number of established house transfers is about 25 per cent lower than the figure from five years ago. We are indeed witnessing tough conditions in the housing market.**

The challenging conditions are clearly being felt within the industry. A survey conducted earlier this year by Macquarie Relationship Banking and recently published as the Residential Real Estate Benchmarking report, found that in the 2011 financial year, over one fifth of all agencies did not make a profit. An IBISWorld survey estimates that for the last five years, revenue for the real estate industry has been falling 1.1 per cent every year and that the number of people employed in real estate fell by 1,800 during 2011. It is a grim picture that has unsurprisingly resulted in concern being felt by some, particularly amongst those who became involved in real estate during the boom times.

However, there are good reasons to believe the worst is over and there are still opportunities for those who have found ways to navigate through the difficult conditions. IBISWorld projects overall revenue for the real estate industry will reach \$9.02 billion for

2011-12 which is an increase of about 0.9 per cent. Different markets provide different challenges and opportunities. Our own REIA Real Estate Market Facts report suggests the run of falling prices may have finally bottomed out and the recent reduction in official interest rates has left many feeling optimistic that a slow return to normalised growth is not far away.

In the meantime, the Residential Real Estate Benchmarking report also suggests other ways that agencies might shore up their revenue by adapting their business models to better suit the conditions of their market. Savvy agencies are already doing this by placing greater emphasis on property management.

In a typical real estate agency, 42 per cent of staff members are sales agents and only 25 per cent are property managers. Despite the considerable predominance of the

» *article continues*



number of real estate agents, the report notes that rent roll growth was identified as the best future strategy for increasing profits by almost three quarters of agencies that participated in the survey.

Over the twelve months to February 2012, the average number of property sales completed by an agency fell from 126 to 106. Of the total number of sales, 61 per cent achieved prices of less than \$500,000, 31 per cent were between \$500,000 and \$1,000,000 and 8 per cent between \$1,000,000 and \$5,000,000. Only 0.2 per cent of sales were over \$5,000,000. The average agency sales commission rate is currently 2.6 per cent which allows the average top salesperson to generate \$250,000 in gross sales commission for the business. This figure is considerably lower than the \$323,000 recorded in 2009.

Meanwhile, the average rent roll in Australia has continued to grow and

is now 436 compared to only 375 in 2009. On average, 55 per cent of agency revenue last year was generated from sales and 42 per cent from property management.

The report notes that the proportion of revenue from property management is expected to continue to grow. A correlation between profitability and properties under management has been found:

- Agencies generating 20% plus in profit manage on average 558 properties;
- Agencies generating 10-19% in profit manage on average 449 properties;
- Agencies generating 1-9% in profit manage on average 439 properties;
- Agencies operating at a break-even or loss manage on average 285 properties.

Smart operators understand it is critical to adapt to the changing

environment by using the resources the business already carries to their full potential. Those agencies who have been successful in adapting to the difficult conditions of the recent past now find themselves in a stronger position to capitalise on what lies ahead. While the outlook for sales is brighter than it has been for several years, focusing more on managing property is still likely to be the top strategy to increase profits in the short term.



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# INDUSTRY UPDATE

Industry news from around Australia



## Property prices

Although modest improvement in property prices is evident in most capital cities over the June quarter, price levels in some centres remain below those recorded a year ago, according to Australian Property Monitors' Quarterly Housing Report.

National house prices rose marginally by 0.4 per cent in the quarter, however units fell by 0.8 per cent. Despite an increase of 0.2 per cent over the quarter for houses, Sydney's median price is still down 1.0 per cent to \$642,425.

Melbourne and Adelaide also recorded falls over the year to June 2012. Brisbane's median house price has fallen for eight consecutive quarters and remains the most affordable mainland capital city at \$427,933.

In contrast, the median house prices in Canberra, Perth, Darwin and Hobart have all increased since this time last year.

More details available [here](#)

## Foreign investment in Australian property climbs first half 2012

Foreign investment in Australia's property markets has continued to increase on the back of the country's

stable economy and high-yielding assets, with Asian buyers leading the charge, according to the latest research from Colliers International.

Colliers International's research for Australia's capital markets has found there was \$4.06 billion worth of foreign investment in Australian property for the first half of 2012, up from \$3.8 billion compared to the first six months in 2011.

Foreign buyers made up 40 per cent of all commercial property transactions in Australia in the first half of 2012, with 58 assets valued at \$2.8 billion purchased by overseas parties in the second half of the year alone.

More details [here](#)

## Three quarters of brokers confident of boosting revenue

More than 75 per cent of brokers expect to grow their revenue this financial year, thanks to sound referrals from existing clients and professional partners.

According to the Macquarie Practice Consulting 2012 Mortgage Broking Benchmarking Report, now in its second year, referral relationships are now more important than ever as they help brokers grow their loan book in a soft property market.

The report further demonstrated the importance of referral relationships by revealing the close link between formal referral arrangements and profitability, with firms that have joint venture arrangements, an ownership stake in a referral partner, or a documented, formal arrangement, typically having higher average profits (between \$103,000 and \$188,000) compared to those with loose or informal arrangements (averaging profits of \$70,000).

More details available [here](#)

## Housing industry welcomes review of building costs

The voice of the residential building industry, the Housing Industry Association (HIA), has welcomed the announcement by the Council of Australian Governments (COAG) that it will convene an inquiry into the cost of construction.

"The housing industry is supportive of a thorough review of the costs associated with construction," said HIA Managing Director Shane Goodwin.

"The high costs of construction, whether due to excess taxation on new housing or the myriad of red and green tape, impacts on housing affordability for Australians."

# MAKING NEWS

General national news



## **SOUTH Australia's stamp duty on houses could be phased out and replaced by a land tax, Treasurer Jack Snelling says.**

Mr Snelling says stamp duty on houses is one of the most inefficient taxes in South Australia and could be replaced by a model proposed in the Australian Capital Territory.

He says the ACT is phasing out stamp duty over 20 years and replacing it with a broader-based land tax, particularly on residential properties.

SA could potentially follow suit, Mr Snelling told ABC Radio in Adelaide.

"Stamp duty is a very volatile tax driven by turnover in the property market. Having a predictable stream of revenue would be good," he said.

Mr Snelling said it would be unfair to tax people who have recently paid stamp duty twice and the government would have to look at ways to avoid that problem.

The South Australian Opposition said switching to an annual land tax on houses could cost the average household \$2000 a year.

"So much for the election promise of no new taxes," Opposition treasury spokesman Iain Evans said.

"Clearly a new land tax on every family home is a broken promise."

## **Fears Channel Ten's The Shire could cool property prices**

Auctioneer Sebastian Viteri from real estate group Cripps & Cripps said the show had spooked people planning to sell their homes.

"Everyone I spoke to yesterday commented on how damaging it would be on the value of property in the area," Mr Viteri said. "But I think the Cronulla riots were a lot worse, and we recovered from that."

The show follows the lives of a handful of residents of Sydney's Sutherland Shire, considered heaven by its citizens and an insular Anglo stronghold by those outside. It claims to be an honest, unscripted portrayal but locals claim the focus on plastic surgery and love triangles does the Shire no favours.

Mr Viteri said the widely publicised race-fuelled violence that took place in Cronulla in 2005 created a temporary hiatus on buying and selling.

More details available [here](#)

## **Why selling property in winter and buying in spring makes sense**

Winter may be coming to a close shortly but some agents think it was the wisest time to sell in preparation of buying in spring.

Against popular opinion, selling property in winter might not be such a bad idea, especially on delayed settlement terms.

"Melbourne is iconic for its spring market obviously, when the property looks its best. However, there are a lot of property that is transacted through winter," Cameron Deal from Infolio Property Advisors told Melbourne Property TV.

"It's sometimes better for a vendor to sell in winter because there's less competition amongst other properties."

The sentiment is echoed by veterans in the industry, like Tim Fletcher from Fletchers.

More details available [here](#)

## **'Reverse auction' an Australian first**

A NSW southern highlands property is to be sold in a theatrical 'reverse auction' in which the price decreases instead of rises and the first bidder to accept the price wins.

Gary Harding proposed selling his Burrawang café using the method in order to "turn tradition on its head".

"The basic concept is that the price comes down, and the first person with their hand up gets the property," Mr Hardy told Real Estate Business exclusively.

"The other part is the \$10,000 reward to the person who tells the eventual buyer about the auction – kind of like a finder's fee. Anyone can win that; they don't have to be an agent."

More details available [here](#)

# POLITICAL WATCH

Information and news from government



## First timers to break into market sooner

Property may soon be within reach of first time investors in one state after the announcement of a 'ground breaking new housing initiative', according to a government body.

Tasmanians should benefit under the initiative, which will bring 400 new opportunities to get a lower entry point into the market, according to premier Lara Giddings.

The State Government just recently signed a memorandum with Brighton Industrial and Housing Corporation (BIHC) in conjunction with council to see land supplied to BIHC.

"The Tasmanian Government's highest priorities are fostering economic development and helping Tasmanians respond to the rising cost of living," Ms Giddings said. "The injection of around \$100 million that the Corporation will deliver is great news for workers and businesses in our building and construction industry.

"It is expected this investment will provide an overall boost of some \$300 million for the wider economy," she said.

More details available [here](#)

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## More support for affordable housing in Queensland

Minister for Housing and Homelessness Brendan O'Connor has launched a federally-funded online tool to help south east Queenslanders make a more informed decision about housing.

Mr O'Connor unveiled the My Home, My Suburb Affordability Calculator, funded through the Federal Government's Housing Affordability Fund, during a visit in Brisbane to meet with the Council of Mayors.

"This online calculator will help home buyers work out the real costs of their housing choices and enable them to make more informed decisions about where they want to live," Mr O'Connor said.

More details available [here](#)

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## Tax focus for the year ahead

In releasing the ATO's annual compliance program, Tax Commissioner Michael D'Ascenzo said it was important for the community to be given the opportunity to understand the ATO's compliance activities and practices.

- This year the ATO will put under the microscope:
- tax fraud and avoidance schemes
- people who fail to declare all their income

- the highly wealthy
- [property-related tax issues](#), and
- employers who do not meet their superannuation obligations.

"By openly setting out our focus areas for the year ahead we want to encourage people to make the right decisions. This includes helping them avoid being trapped by tax schemes, in particular by stepping up our efforts to ensure people can recognise, reject and report tax avoidance schemes," Mr D'Ascenzo said.

More details available [here](#)

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## COAG review of the national affordable housing agreement

The recommendations of the Review of the National Affordable Housing Agreement were adopted by COAG at its meeting on 25 July 2012. The Review was conducted by the National Affordable Housing Agreement Review Working Group, following COAG's decision in February 2011 to review the six National Agreements under the Intergovernmental Agreement on Federal Financial Relations.

More details available [here](#)

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# THE WORLD

Property news from around the world



## IMF says metals may decline 2.7% if China real estate weakens

Economic growth in China slowed in the second quarter to 7.6 percent, the weakest pace since 2009. A two percent downturn in property investment may see metals decline by 2.7 percent year-on-year, with zinc falling 4.3 percent, nickel 3.7 percent, lead 3.2 percent and copper 3.1 percent, according to the IMF.

“The impact on overall metal prices could last four quarters, with up to five to six quarters for lead and zinc,” the Washington-based fund said in its annual report on China published on its website.

The IMF’s analysis comes after the official Xinhua News Agency said on July 20 Beijing wouldn’t ease restrictions on home purchases and would keep a “firm grip” on the market to prevent house prices rebounding.

More details available [here](#)

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## Home values in the US reach bottom

Residential real estate prices in the US have recorded their first annual increase in almost five

years and values are also up for the fourth month in a row.

The latest Zillow Home Value Index rose on an annual basis for the first time since 2007, increasing 0.2% year on year.

Some 53 of the 167 covered by the firm’s Real Estate Market Reports, posted annual increases in home values with the largest increase in Phoenix, where home values are up 12.1% from the second quarter of 2011 to the second quarter of 2012.

Looking ahead, two in five, or 67 of the 156 markets covered by the Zillow Home Value Forecast are expected to see increases in home values over the next year, with the largest increases expected in the Phoenix metro at 9.9% and the Miami metro at 6.1%.

‘The housing recovery is holding together despite lower than expected job growth, indicating that it has some organic strength of its own. Of course, there is still some risk as we look down the foreclosure pipeline and see foreclosure starts picking up. This will translate into more homes on the market by the end of the year, but we think demand will rise to absorb that, particularly in markets where there are acute inventory shortages now,’ he explained.

More details available [here](#)

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## Can Technology Turn Real Estate Deals Into Just Another Shopping App? (US)

Just as Groupon brings shoppers local deals on restaurants and services, an upstart service analyses housing inventory to alert homebuyers about bargain properties. Is real estate ready for more of this kind of tech-based disruption?

The housing market is bouncing back, but to homebuyers that trend translates into more competition for bargain properties. Speed is often a decisive factor in such deals. Yet housing search engines from industry leaders Trulia, Zillow and Realtor.com don’t focus on identifying best buys – when a property’s cost-per-square-foot is below average in that zip code. And they don’t do much in the way of real-time alerts.

More details available [here](#)

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