

REIANEWS

ISSUE SIXTEEN: SEPTEMBER 2012

Dear **Prime Minister**,

I am writing to advise you of a **PROPOSAL TO LOWER EDUCATION STANDARDS** for real estate professionals under the COAG national 'seamless economy' agenda.

The Real Estate Institute of Australia (REIA) supports national licensing for the profession and agrees that it will assist with mobility to have one licence for the whole country. However, we have a once-in-a-lifetime opportunity to get it right, otherwise ***we don't want it at all ...***

REIA LETTER

TO
THE PM

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NOW TRANSLATED INTO
TOP 10 NEW AND EMERGING
COMMUNITY LANGUAGES

OLDER AUSTRALIANS
RELUCTANT TO DOWNSIZE

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INFORMATION.



Ms Pamela Bennett
REIA President

PRESIDENT'S REPORT



WELCOME FROM REIA'S PRESIDENT

The COAG proposed national licensing of property-related professionals should aspire to raise standards, not dilute those already in place.

There was consensus around the table from REIs as we met and aired our strong concerns regarding national licensing's Regulation Impact Statement (RIS).

I thoroughly support a national approach and recognise the benefits it will bring with improved mobility between jurisdictions and an end to overlapping laws but the model put forth by COAG is sadly lacking in potential benefits for both our profession and the Australian consumer.

The key to providing a low-risk professional service to home buyers is through a high level of initial qualification and through

compulsory, ongoing professional development, maintaining these standards and keeping abreast of the changing regulatory environment that agents operate in.

REIA is asking COAG to agree to a national licensing system which requires real estate agents to achieve a diploma level for licensing, requires compulsory continuing professional development and licensing for commercial agency work.

A real need for high level training and professionalism is across the spectrum of real estate transactions. With more and more individuals having exposure to commercial real estate, either directly or through their superannuation fund, it is equally important that buyers and sellers are receiving sound support by having the sale of commercial property undertaken by licensed professionals.

Highly disappointing is COAG's "survey monkey" approach, which asks for feedback but effectively coaches or tailors answers. It doesn't allow for any alternative under national licensing to what the RIS has set forward and further restrains our response to the proposed new regulations and the detail contained within these.

The REIA has requested this detail as soon as possible, in order to provide an accurate and targeted submission and response.

On a brighter and much more fun note, please remember to let REIA know if you are going to the NAR Conference and Expo in Florida this year so that we can tell our American friends to expect you. Personally, I'm thoroughly looking forward to the event and no doubt a warm welcome will be extended by our U.S. colleagues as always.

Ms Pamela Bennett
REIA PRESIDENT

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COVER STORY

REIA LETTER

TO
THE PM



REIA

REAL ESTATE INSTITUTE
OF AUSTRALIA

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DEAKIN WEST ACT 2600

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www.reia.com.au | reia@reia.com.au

31 August 2012

The Hon. Julia Gillard, MP
Prime Minister of Australia
Parliament House
CANBERRA ACT 2600

Dear Prime Minister,

I am writing to advise you of a proposal to lower education standards for real estate professionals under the COAG national 'seamless economy' agenda.

The Real Estate Institute of Australia (REIA) supports national licensing for the profession and agrees that it will assist with mobility to have one licence for the whole country. However, we have a once-in-a-lifetime opportunity to get it right, otherwise we don't want it at all.

Agents across Australia are fighting to have higher standards locked in for the profession to:

- (a) ensure that we are equipped to meet the growing demands facing agents of government regulation and compliance and;
- (b) to best serve consumers of the biggest investment most Australians will ever make – their family home.

The REIA and our members are totally opposed to the COAG proposal where four jurisdictions – Western Australia, the Northern Territory, Tasmania and South Australia – all face a lowering of educational qualifications for an agent from a Diploma to a Certificate 1V. The extra units contain vital knowledge about running a professional real estate business.

In addition, under the proposals there would no longer be a necessity to undertake Continuing Professional Development (CPD).

This is extremely concerning. It is essential that agents update their skills and a modest 10 hours a year of CPD ensures small business people stay in touch with the latest information and changes facing the industry in terms of legislation, consumer risk and good practice.

» *article continues*

We have grave concerns about the so-called consultation process. Although the Real Estate Institute of Australia was included in the COAG Property Occupations Advisory Committee, our views were ignored and the outcome is the worst possible scenario facing the industry.

The Government claims that the reforms will save \$78 million a year, but these 'benefits' do not include the benefits to the consumer of a properly trained agent. If this was taken into account, the economic case for dumbing down standards is negligible.

The Real Estate Institutes represent 80% of Australia's 80,000 real estate agents. Property contributes \$300 billion annually in economic activity and played an integral role in the Government's response to the global financial crisis.

The REIA and its members would also like to see the proposed regulations so that we can respond to the Regulation Impact Statement (RIS) in detail. It is surprising these have not yet been made available to the REIA, even on a confidential basis, although the RIS was released three weeks ago.

I appreciate your consideration of the important issues raised in this letter and I look forward to your response.

Yours faithfully



Pamela Bennett

President

Real Estate Institute of Australia

cc: Senator the Hon. Chris Evans, Minister for Skills, Science and Research
Senator the Hon. Penny Wong, Minister for Finance and Deregulation



ADELAIDE BANK/REIA
Housing Affordability Report

Out mid September. Contact REIA
for more details on 02 6282 4227



BENDIGO BANK/REIA
Real Estate Market Facts

Out mid September. Contact REIA
for more details on 02 6282 4227

WELCOME TO SOUTH AUSTRALIA

Oct 1-4 2012

Program of Events &
Delegates Packages



AUSTRALASIAN
REAL ESTATE INSTITUTES'
AUCTIONEERING
CHAMPIONSHIP



REISA
REAL ESTATE INSTITUTE
OF SOUTH AUSTRALIA

PROGRAM OF EVENTS

MONDAY 1ST OCTOBER

11.30am Golf Tournament – Glenelg Golf Club

TUESDAY 2ND OCTOBER

9am - 4pm Fully Escorted Barossa Valley
Wine Tour and lunch

5pm – 5.30pm Contestant briefing –
Adelaide Convention Centre Theatre A

5.30pm – 6pm Judges briefing –
Adelaide Convention Centre Theatre A

6pm – 8.30pm Welcome cocktail party and
competition draw – Adelaide
Convention Centre Panorama Suite

WEDNESDAY 3RD OCTOBER

8am – 9.30am Judges briefing and
benchmark auction

9.30am – 10am Delegates morning coffee –
Adelaide Convention Centre Foyer 1

10am –
12.30pm Auction heats

12.30pm –
1.30pm Delegates buffet lunch –
Adelaide Convention Centre Foyer 1

1.30pm – 5pm Auction Heats

5pm – 6.30pm Happy Hour – Adelaide
Convention Centre Riverbank Room

6.15pm –
6.30pm Announce Finalists – Adelaide
Convention Centre Riverbank Room

6.30pm – 7pm Finalists briefing – Adelaide
Convention Centre Theatre A

THURSDAY 4TH OCTOBER

9.30am –
11.30am Property viewing – competition finalists

1.30pm –
3.30pm Auction Finals – Adelaide
Convention Centre Theatre A

7pm – 11pm Gala Presentation Dinner –
National Wine Centre

11pm – Late After dinner drinks –
Intercontinental Hotel Lobby Bar



1993

Michael Brock
(SA)

1995

Peter Batrouney
(VIC)

1997

Peter Hawkins
(VIC)

1999

John McGrath
(NSW)

2003

Peter Kakos
(VIC)

2005

Justin Long
(VIC)

2006

Scott Kennedy-Green
(NSW)

2007-08

Mark Sumich
(NZ)

2009

Phil McGoldrick
(NZ)

2010

Jason Andrew
(QLD)

2011

Mark Sumich
(NZ)

2012

Good luck to all
contestants in the
2012 competitions.

DELEGATES PACKAGE

- » Welcome cocktail party and competition draw
- » Auction Heats: Wednesday October 3
Access to the delegates area with full catering for auction heats which includes:
Morning tea, Buffet lunch, Afternoon tea
- » Auction Final: Thursday October 4
Access to the delegates area with afternoon tea
- » Gala Presentation Dinner
3 course dinner with gorgeous SA wines
- » **\$265**

INDIVIDUAL EVENTS

- » Welcome cocktail party and competition draw
- » **\$75**
- » Full catering for Auction Heats:
Auction Heats: Wednesday October 3
Access to the delegates area with full catering for auction heats which includes:
Morning tea, Buffet lunch, Afternoon tea
Auction Final: Thursday October 4
Access to the delegates area with afternoon tea
- » **\$65**
- » Gala Presentation Dinner
3 course dinner with gorgeous SA wines
- » **\$165**

STAY & PLAY IN SA

- » Golf Tournament – At one of Australia's premier golf clubs, Glenelg Golf Club
- » **\$190**
- » Fully escorted wine tour including lunch in the stunning Barossa valley. Hosted by our very own chief judge and Barossa Valley wine maker Brett Roenfeldt.
- » **\$110**

ACCOMMODATION

We have a number of Accommodation Packages available – all of which are located within a three minute walk of the Adelaide Convention Centre.

Visit www.reisa.com.au/eventsinfo to download the Adelaide Accommodation Packages Flyer for more information.

Our preferred accommodation is the Intercontinental Hotel. We encourage you to take advantage of their great packages. To do so, call reservations on (08) 8238 2400 and quote 'REI'.

FOR MORE INFORMATION

For more information on any of these events, please contact Lisa Stewart on **(08) 8366 4325** or email lisa.stewart@reisa.com.au

TO REGISTER

To register for any of these events please do so **no later than Friday 21 September** online at:

**[www.reisa.com.au/
eventsinfo](http://www.reisa.com.au/eventsinfo)**

* All prices are inclusive of GST



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MARSH



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



NATIONAL LICENSING FOR THE REAL ESTATE PROFESSION

As part of wide-ranging regulatory reform accepted by the Council of Australian Governments (COAG), a national licensing system for a number of occupation groups including real estate would allow licensees to work anywhere in Australia while holding a single national licence. This would replace the current arrangements where each state and territory licenses certain activities in a different way.

Under national licensing: a licensee would not have to reapply or pay for a licence if they move to another state; there would be a national body responsible for developing national policy work which was applied consistently by state regulators; current licences would be deemed across to the new system on the basis

of 'no disadvantage' in terms of the scope of work; licence fees would continue to be set by each jurisdiction and paid only to the licensee's primary jurisdiction; licensees choosing to work in an additional jurisdiction would need to comply with any jurisdiction specific requirements that apply; there would be no need to undertake additional training or meet new criteria, and; there would be a five year transitional period during which time existing licensees could work between states and would not be required to obtain a national licence ahead of the expiry of their current licence.

As part of the Council of Australian Governments' (COAG) process towards national licensing, a consultation Regulation Impact Statement (RIS) has been released seeking stakeholder and public comment on its contents.

In the RIS, the following licence categories are proposed: real estate agent; business agent; strata managing agent; auctioneer, and; agent's representative.

The RIS proposes that non-residential property work would be deregulated

and that there would be no licence for undertaking commercial sales.

Under the proposal, a real estate agent would be required to obtain Cert IV standard (21 mandated units plus three electives) and an agent's representative five units. If implemented this would mean that Western Australia, Northern Territory, Tasmania and South Australia all face a lowering of educational qualifications for an agent, from Diploma to Certificate IV. For an agent's representative, Queensland, Western Australia, Northern Territory and South Australia will all have a reduction in the number of units of competency required, the greatest drop being in South Australia and the Northern Territory.

Further, there would no longer be a necessity to undertake Continuing Professional Development.

→ The proposal in the RIS differs considerably from the position of the REIA and its member state and territory Real Estate Institutes. The REIA and the REIs

» *article continues*

have taken the position that: the agent's qualification should be at diploma level; compulsory professional development should be maintained; there should be a licence for sales and leasing of commercial property; the agent's representative skill set should be greater than five units of competency, and; property managers be required to undertake training specific to their role rather than that of an agent's representative.

The REIA believes that the RIS is proposing taking an approach of the lowest common denominator which will lead to an erosion of standards right across Australia and, in doing so, an increase in consumer risk associated with most Australians' biggest purchase, their home.

The key to providing a low-risk professional service to home buyers is through a high level of initial qualification and through compulsory ongoing professional development (CPD) to maintain

these standards and to keep abreast of the changing regulatory environment that agents operate in.

It is imperative to have a continuing professional development program to encourage participants to update their knowledge and skills in the areas of industry development, legislative change and work practices. The RIS is ignoring the fact that many of the developments covered by CPD are government imposed.

The rationale in the RIS for not having a commercial agents licence is based on the view that commercial property transactions are undertaken by "sophisticated consumers operating at the high end of the market". This assertion ignores the reality that the profile of the ownership of commercial property is not all high-end, nor is all of it owned by multinational companies and institutions. A large proportion of sales are valued at no more than the average family home and by "mums and dads" either directly or through their superannuation fund. Further,

every small business operating in local shopping centres needs leases or buys their premises – these are not high-end transactions and need a trained and skilled agent to guide their property transactions.

A consequence of the proposal to deregulate commercial property is that if the farm/rural property is mainly used for primary or commercial production a licensed agent is not required to sell the property. However, if the property is used primarily for residential purposes it would require a licensed agent. Same piece of land, different use requires a different approach.

The Government's rhetoric on lifting Australia's education and training standards seems shallow when their actions do not match this by proposing the 'dumbing down' of the real estate profession.

The state REIs are working with the REIA to strongly oppose the erosion of standards and the accompanying increase in consumer risk that is being proposed in the RIS.



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INDUSTRY ARTICLE

By Carolyn Majda, Manager,
Terri Scheer Insurance

SECURITY BONDS

SAFEGUARDING RENTAL PROPERTIES

As property managers know, ensuring tenants pay a security bond before leasing a property is an important step to help landlords safeguard their investment properties.

Not only will a security bond provide landlords with financial protection if their tenants breach their tenancy agreement, cause damage to the property or owe money at the end of the tenancy, the promise of a refund at the completion of the lease can also deter tenants from absconding.

The following tips can help property managers ensure the security bond payment and refund process goes smoothly:

Paperwork

While the bond amount is often listed in advertisements for rental properties, it must also be stipulated in

lease agreements to ensure potential tenants are well aware of the amount they are required to pay upfront.

Once tenants have paid the bond, issue a receipt so you and your tenants have a written record of the transaction if any disputes arise during the tenancy. Don't forget to include the tenant's name, the date the bond was paid, the amount that was paid, the address of the leased property and your signature.

Lodge the bond quickly

Security bonds must be lodged with the appropriate residential tenancy authority in the state or territory of the leased property. Penalties may be imposed if you fail to lodge the bond within the timeframe required by law in the relevant state or territory, so ensure this is actioned as soon as possible.

Rent and bond increases

As a general rule, a security bond will generally amount to the equivalent of four to six weeks worth of rental payments for the property being leased. This means that if a tenant falls into arrears and absconds, the relevant number of weeks of lost rental income can easily be recovered from the bond.

Therefore, it can be a good idea to increase the bond amount when implementing rental increases.

Don't forget to provide tenants with written notice of the increase in the timeframe required by legislation in your state or territory and to lodge the additional funds with the relevant tenancy authority.

Be sure before you refund

Tenants can get pushy when requesting their bond back at the completion of

» *article continues*

a lease. However, take your time to ensure you are 100% confident that they have fulfilled their obligations of the lease before you do so.

If you are satisfied with the property after the final inspection, an application should be submitted to the residential tenancy authority to reclaim the bond, which should be promptly refunded to the tenant.

If you believe there are any discrepancies, an application must be put to the relevant authority to request any associated costs be subtracted from the bond and paid to the landlord. The balance can then be refunded to the tenant.

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

**Media contact: Corporate
Conversation, 08 8224 3535**

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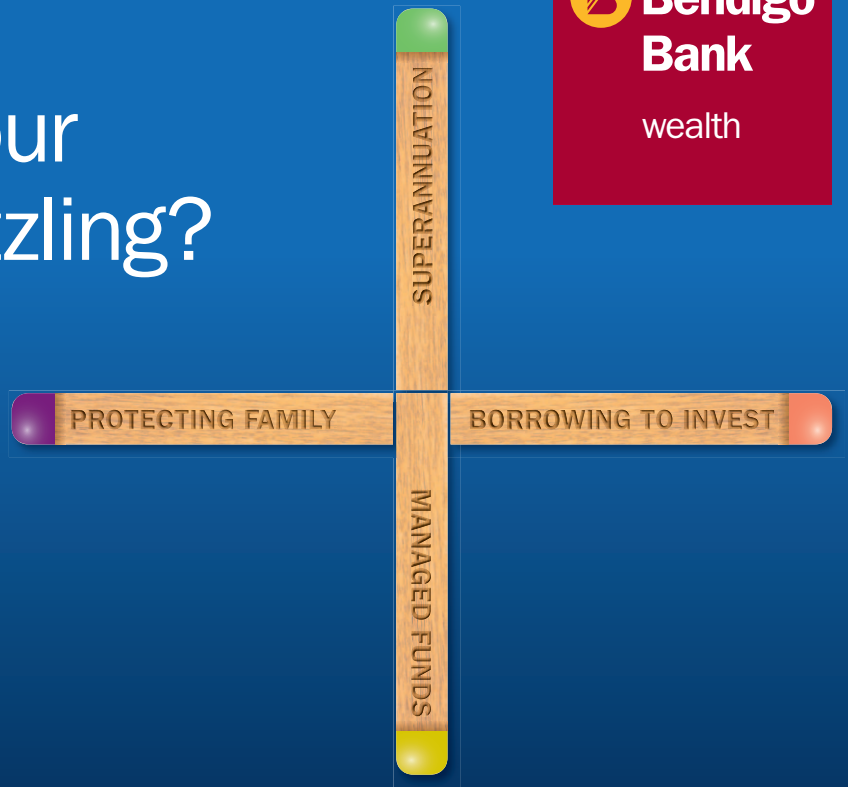


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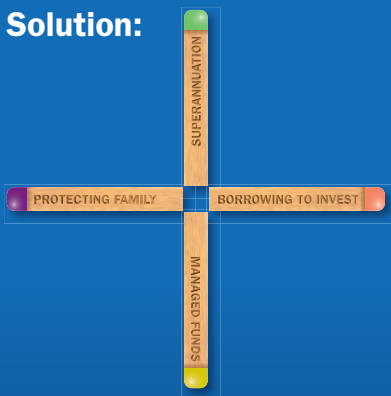
Move one piece to make a square.



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The [final program](#) for the 7th National Housing Conference has just been released. With over 70 confirmed speakers, the program has been developed to address the Conference theme of **People—Place—Productivity**.

The Conference will provide the opportunity to hear from many Australian and international experts, including:

- Ms Valerie White
Senior Director, Corporate Governance Ratings,
Standards and Poor's, USA
- Hon Brendan O'Connor MP
Minister for Housing, Minister for Homelessness,
Australian Government
- Ms Jennifer Westacott
Chief Executive, Business Council of Australia
- Dr Brent Davis
National Director of Industry Policy, Master Builders
Australia

You can also now choose from three exciting [site tours](#) which will showcase South East Queensland's innovative housing solutions.

The Conference will provide you with an opportunity to develop relationships with housing professionals and be part of important discussions on the future of Australia's housing.

For more information, visit the [Conference website](#).

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



Participate now. Commercial Real Estate Benchmarking Survey.

This week Macquarie launched its second biennial Commercial Real Estate Best Practice Benchmarking Survey, which aims to uncover the latest market trends and identify best practice benchmarks for commercial real estate agents across Australia.

The 2011 Macquarie Relationship Banking Commercial Real Estate Best Practice Benchmarking survey revealed the two key characteristics of high performing businesses identified

were a strong focus on financial management, with regular financial reviews as standard, and a focus on people, with the majority planning on recruiting new staff and stating their intent to invest in staff development.

By taking part in this free survey, agents will automatically receive a copy of the report which will help you identify where in your business to focus to achieve your growth strategies.

For more information or to participate in the survey, visit macquarie.com.au/commercialrealestate

**Survey is open until Friday
14 September 2012**

» *This information has been prepared by Macquarie Bank Limited ABN 46 008 583 542 AFSL & Australian Credit Licence 237502 for general information purposes only, without taking into account your personal objectives, financial situation or needs. The information provided is not intended to replace or serve as a substitute for any accounting, tax or other professional advice, consultation or service.*

INDUSTRY ARTICLE

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

www.reisuper.com.au

DID YOU KNOW THAT ONE IN TWO AUSTRALIANS HAS LOST SUPER?

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Once you have found your lost super you can roll your extra accounts into REI Super online. REI Super has just launched a NEW online rollover toll designed to assist members in combining their multiple accounts into one.

How to find your lost super

There are two main search engines for lost super:

1. AUSfund – www.unclaimedsuper.com.au used by many industry funds for lost members. To search you will require your name and date of birth.

As some accounts are lost due to data entry errors, you may want to try searching using common variations of your name and just your first initial.

2. Australian Taxation Office <http://www.ato.gov.au/individuals/content.aspx?doc=/content/33301.htm> – a compulsory register for all funds which receive two items of returned mail sent to your last known address. You will require your name, date of birth and tax file number.

For more information go to www.reisuper.com.au



REIA CONSUMER FACT SHEET

RENTING A PROPERTY - TENANT

NOW TRANSLATED INTO TOP 10 NEW AND EMERGING COMMUNITY LANGUAGES

The Australian Government has expanded an initiative to assist humanitarian entrants and other new arrivals in securing accommodation within the private rental market.

The Department of Immigration and Citizenship's (DIAC) Fee-Free Interpreting Real Estate Pilot has been expanded to provide significantly more real estate agents with access to free telephone interpreting through DIAC's translating and interpreting service, TIS National.

The evaluation of the initial real estate pilot in 2009-10 found that real estate agents who had successfully accessed the fee-free interpreting service were generally satisfied with it and agreed that it assisted them to communicate more easily with their non-English speaking clients.

DIAC's expanded Fee-Free Interpreting Real Estate Pilot captures other major areas of high settlement need across Australia and in addition to wider metropolitan coverage, includes more regional centres. The number of real estate agencies participating

in the expanded pilot has trebled, from 114 to over 340 agencies.

The additional real estate agents need to have been nominated by service providers funded under DIAC's Humanitarian Settlement Services (HSS) and Settlement Grants Program (SGP).

The expanded Fee-Free Interpreting Real Estate Pilot is due to conclude in October this year and will be evaluated at its completion.

Since the expansion (October 2011 to Jun 2012 incl):

- Approximately 76 real estate agencies nationwide have used the fee-free interpreting service 227 times in total.
- TIS National interpreters have been used to facilitate phone calls between real estate agents and clients in more than 30 languages.
- The top five languages for clients using the Fee-Free Interpreting Service are Arabic (40 services), Persian (25 services), Mandarin

(24 services), Korean (22 services) and Dari (Afghani) (18 services).

- There has been a high uptake of the fee-free interpreting service in particular States/Territories of high settlement such as NSW, Victoria and QLD.

To assist real estate agencies in communicating with their non-English speaking clients about tenancy issues, the Real Estate Institute of Australia (REIA), in partnership with DIAC, has translated the *REIA Consumer Fact Sheet - Renting a Property - Tenant* into the top ten new and emerging community languages: Arabic, Hazaragi (Dari), Farsi (Persian), Mandarin (Chinese), Karen (Myanmar), Hakha-Chin (Bangladesh, Myanmar, India), Tamil (Sri Lanka, India), Kurdish, Nepali and Dinka (Southern Sudan). These fact sheets are available on the REIA website at the link below. Please distribute these through to your members.

<http://reia.com.au/renting-leasing-properties.php>

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



OLDER AUSTRALIANS RELUCTANT TO DOWNSIZE

Although shelter is a basic human need, housing requirements vary across the life cycle. In our later years, housing needs are quite different to those at any other stage of our lives, so it's crucial that homes are appropriate for the housing needs of the older generation.

Australia is witnessing a rise in longevity with the population of those 65 years and above increasing by 27.1 per cent in the last ten years to over 3 million. The median age in Australia increased from 35 in 2001 to 37 in 2011.

So, how does an increase in the population of older Australians affect the housing market and do people tend to downsize later in life?

There are a number of reasons why people move in their senior years. For some, it may be due to retirement

or changes in life style. For others, it may be due to divorce, the death of a spouse or healthcare requirements. Some choose to move because the family home has become too big

after the children have left the nest – the empty nester syndrome. The table below shows the Australian Bureau of Statistics (ABS) figures for why older Australians move home.

Reasons for most recent move for older households without children

Reason	Proportion of responses
Housing reasons, including	48.9
Wanted bigger / better house	7.0
Wanted smaller house / downsize	22.5
Purchased own dwelling	3.5
Employment	1.6
Family reasons	22.3
Get married / live with partner	2.7
Breakdown of marriage / relationship	0.9
Lifestyle change	19.7
Other (neighbourhood, health, accessibility and other reasons)	23.0

Moving House, ABS Australian Social Trends 4102.0 December 2010

» *article continues*

The single largest reason for older residents to move house is to downsize.

Despite these findings, the ABS data shows that older Australians tend to stay in their homes for as long as possible. The Survey of Income and Housing 2007-08 found that older Australians had lower rates of housing mobility compared to younger people, with only one in twenty of all recent home movers being over 65 years of age. Of all Australians aged 65 and above, only 17 per cent were recent home movers.

The reluctance to move in later life impacts on the efficient utilisation of Australia's housing stock. The ABS reports that while the average number of persons per household declined from 3.1 in 1976 to 2.6 in 2011, the average number of

bedrooms per dwelling increased from 2.8 to 3.1 over the same period. Compared to younger households, older households are more likely to have spare bedrooms in their homes. The table below shows that 91.4 per cent of older Australian households have one or more spare bedrooms.

Facilitating the older generation to move to more suitable accommodation is an important component in meeting Australia's housing needs. Encouraging downsizing among the older population may be considered as one of the key tools in avoiding

overcrowding and meeting occupancy standards by other groups such as younger families with children.

But there are barriers to downsizing which make older Australians stay put for longer. Strong emotional attachment to a family home may be one of the main factors and moving house is a stressful and costly event. Stamp duty is the largest cost impediment to downsizing.

Appropriate policy needs to be developed to encourage more efficient allocation and utilisation of the nation's housing stock.

	Average number of persons in household, number	Average number of bedrooms in dwelling, number	One or more spare bedrooms, %
Lone person	1	2.6	89.4
Couple only	2	3.2	99.4
All households	1.7	3.0	91.4



Dennis Saliba

WHAT PRICE PEACE OF MIND?

Have you ever stopped to think what would happen if you had an accident or fell seriously ill for an extended period – and didn't have anywhere near enough sick leave?

It's a fact of life that none of us can completely *avoid* risk, in life or in business. However, we can *manage* risk, and doing so effectively is an important part of protecting your business, yourself and your family from events and circumstances that are beyond your control.

In a world where everything happens at the touch of a keypad or touch-screen, we don't often think in life-long terms. But it is important to consider the 'big picture' so you can make as informed a decision as you possibly when it comes to personal protection insurance.

Like many people, you may not have given it a lot of thought, but did you know that your income earning

capacity is probably your largest and most important asset – perhaps even more than your house?

According to the Australian Bureau of Statistics, you have the capacity to earn around \$2.7 million dollars of income over your working life. This figure is based on a full time adult earning the average weekly ordinary earnings and this wage is multiplied by 40 years of continuous employment. If you settle down and have a family and factor in the costs of raising a family, it's not hard to arrive at a figure in the order of \$200,000 or more to raise a child to age 21 years.

These facts of life are pretty sobering – especially when you add the cost of servicing a mortgage on top of that. Imagine, just for a moment, what it would be like to not be able to look after yourself or your family in the event of an unforeseen crisis.

The thing that people with life insurance and income protection say they value most is 'peace of mind'. Some say you can't put a price on

that... The majority of people can get all the life insurance and income protection they need for less than the cost of a cup of coffee a day.

As always, you should speak with a financial planner who will be able to assist you in ascertaining your personal risk requirements that can then be tailored to your needs.

Your financial planner may also be able to show you how income protection premiums can be tax deductible. To find out more about how we can help you and your business, visit us at:

www.bendigowealth.com.au/Contact-Us

» *Dennis Saliba is a Financial planner and Representative of Bendigo Financial Planning, a part of the Bendigo & Adelaide Bank Group.*

» *This information is of a general nature only and not intended to provide neither technical nor detailed advice. Information in this article is based on information believed to be accurate and reliable at the time of publication. You should seek individual advice regarding your personal situation.*



Affordable Landlord Insurance

Landlord insurance offered by Aon is designed for landlord and property owners. As well as providing your clients with essential cover, you can earn additional income for your real estate agency by becoming a distributor of Aon's Landlord insurance. Not only is it easy for you to become a distributor, it is also easy for your clients to be insured as they don't need to complete any paperwork.

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.

Landlord insurance provides cover for:*

- ↘ Damage or theft by tenants
- ↘ Loss of rent
- ↘ Rent default
- ↘ Contents cover
- ↘ Liability cover
- ↘ Flood cover
- ↘ Clean up costs associated with illegal drug production.

* Subject to full policy terms and conditions

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AON

INDUSTRY UPDATE

Industry news from around Australia



Pay more for green

Compiled by independent research firm Kairos Future, a report states that 65 per cent of Australian house-hunters are willing to pay more for a property if it is located close to some green space.

A little bit of parkland is seemingly more attractive to homebuyers than having restaurants, shopping centres or even decent nightlife nearby.

The report – which includes responses from China, the US, Britain and several European countries – also states that city dwellers living close to green spaces are less likely to suffer from stress.

And people want more of it: the report states that the demand for more trees, lawns and flowers throughout cities outweighs the desire for additional cycle lanes and even parking spaces.

More details available [here](#)

Country comfort

With research and clever timing it is possible to score top performing properties in Australia's country towns.

It makes for a great investor bed-time story, but anyone who has observed population statistics might realise an undeniable fact: 6.45 million people live outside of Australia's 20 largest urban centres. This constitutes a fairly significant market of people – Aussies who eat, sleep and spend money in a variety of sectors, including property.

Anyone who has observed the places they live in might not be the most attractive markets for investing, but

they are there. They aren't what many investors first turn to for an investment destination, but somewhere, people are making money in these markets.

More details available [here](#)

Queensland stamp duty

A NEW grant aimed at encouraging first-home buyers to purchase new properties could seriously affect the property market which has just started to fire again, the Real Estate Institute of Queensland has warned.

REIQ CEO Anton Kardash said activity in the existing market could drop significantly as a result of the [State Government's move to eliminate the first-home buyers grant from existing properties](#).

Instead it will be replaced by a [\\$15,000 grant for first home buyers who buy new properties](#).

Mr Kardash said most first-time buyers don't want to build homes.

"New homes are usually too expensive for first-time buyers and are often located in outlying suburbs where young people do not necessarily want to live," he said.

[Office of State Revenue](#) figures show only 24 per cent of first-home buyers bought newly built homes when they were offered a boost of \$21,000 to do so previously.

"We are quite worried," Mr Kardash said.

"The less than \$350,000 area (of the market) was in fact the only level showing any really sustained activity."

Mr Kardash said indecision from first-home buyers would hurt the market.

He applauded the Government's efforts to help the building industry but said it shouldn't be at the expense of existing real estate.

More details available [here](#)

The basics of business broking

The business of buying, selling and leasing of residential, rural and commercial property for investment purposes is well known and understood; the same cannot be said regarding the purchase of an operating business.

Business broking is a specialist sector of real estate, of which investors, or those looking to develop their careers, would be wise to take note.

Some people may like to buy a business as an investment and others may want to use their skills to run it themselves. People buy and sell all manner of enterprises – from traditional ones, such as newsagents, or service enterprises, such as electricians, through to more modern ones, such as digital marketing companies.

Potential buyers and current owners need to know that the market for functioning businesses is substantially different to the broader property market. For sale signs are not always used and the advertisements do not always appear on the property sales websites.

As a result of these factors, a business broker is an important guide and adviser.

More details available [here](#)

MAKING NEWS

General national news



Should Australia double its population in another 45 years?

The Urban Development Institute of Australia says the rapid growth of Australia's population which is expected to double in 50 years should be part of the National Debate for the next Federal election because of the failure of governments to keep up with current infrastructure and services. The organisation's comments support the warning by Former Treasury Secretary Ken Henry that the current tax system will be unable to fund the infrastructure needs of the extra 14 Million Australians forecast by 2050. Tony De Domenico, Executive Director of the UDIA - Vic which will host the UDIA 2013 National Congress in Melbourne next March says, "The theme 'Population Vision for a Nation' has been specifically chosen to focus on the need for all State and Federal Governments as well as the private sector to be active on planning and providing future infrastructure".

Marvellous Melbourne

Melbourne has taken out the spot of the 'most liveable city' worldwide, according to a recent survey.

Recently published rankings in the Economist Intelligence Unit's (EIU) Global Liveability Survey

found Melbourne topping the list for the second year in a row.

Victorian Premier Ted Baillieu says this is a result of a vibrant lifestyle, competitive business environment and skilled workforce.

Categories in which the state was particularly successful included healthcare, education and infrastructure.

"Melbourne has a vibrant multicultural community, a renowned arts scene and world famous food and wine as well as Australia's best shopping and leisure opportunities," Mr Baillieu said. Three other Australian cities also found themselves within the top 10 ranked spots.

More details available [here](#)

New Advertising Standards Board ruling on facebook

"Real estate agents can no longer start a facebook page and abandon it. They must actively monitor it", social media expert Peter Fletcher told the Australian Residential Property Management conference in Sydney.

The Advertising Standards Board ruling says "The Board considered that the facebook site of an advertiser is a marketing communication tool over which the advertiser has a reasonable degree of control and could be considered

to draw the attention of a segment of the public to a product in a manner calculated to promote or oppose directly or indirectly that product."

"The Code applies to the content generated by the advertisers as well as material or comments posted by users or friends."

Companies would be liable under the Australian Association of National Advertisers code and, in turn, consumer protection laws.

Just looking

While the average property buyer undergoes extensive overall research, just an hour is spent looking at the property they buy, a national survey has revealed.

The St. George Bank commissioned survey revealed that, despite viewing 12 properties, spending seven months searching and undergoing 90 hours of research, the average buyer spends just over an hour actually inspecting the property they finally purchase.

After spending 3.2 hours per week, for 28 weeks, including searching websites, planning, inspecting and visiting real estate agents, general manager of St. George Retail Banking, Andy Fell, said that the survey found that just 62.5 minutes was spent inspecting the final dwelling settled on.

More details available [here](#)

POLITICAL WATCH

Information and news from government



Housing builds a community in Brisbane

The Minister for Housing and Homelessness Brendan O'Connor and the Member for Griffith Kevin Rudd officially opened Brisbane Common Ground, an innovative development providing supportive housing to those in need.

Brisbane Common Ground projects aim to break the cycle of homelessness by providing homeless people with safe, sustainable housing as well as the support services they need to get back on their feet.

The projects are designed to create a community, with half the homes going to homeless people or those at risk of homelessness and the other half going to low and moderate income earners who would otherwise be priced out of the area in which they work or study.

Brisbane Common Ground, in South Brisbane, provides 146 homes, along with communal areas and a range of support services.

Mr O'Connor said Common Ground is modelled on an internationally proven concept for tackling homelessness.

More details available [here](#)

Criminal groups targeting investments

The Australian Crime Commission Board has recently warned that organised criminal groups are targeting the savings of Australians through investment frauds. Many Australians, including experienced investors who undertake

research, have lost their entire retirement savings to these investment frauds.

Law enforcement advises that the criminals offering these investment opportunities use persuasive cold-calling tactics, sophisticated websites and legitimate-looking brochures.

Australia Post is partnering with the Australian Crime Commission, the Australian Securities & Investments Commission and every state and territory police force in the country to further raise awareness of these investment frauds and provide information on how to prevent becoming a victim. Please be aware of this risk if you are called at random by someone offering an unsolicited investment opportunity. To protect yourself you can:

Visit www.moneysmart.gov.au or call 1300 300 630 for further information or advice.

A break for first home buyers

Stamp duty in Victoria is set to be halved for some buyers, according to the state government.

Almost 15,000 first home buyers in Victoria have taken advantage of 20 per cent stamp duty cuts, with more than \$40 million spent by the state government in the last financial year on these initiatives.

Treasurer Kim Wells said that from 1 January 2013, the total stamp duty cost would be reduced by 30 per cent for eligible first home buyers.

These reductions will be continued to 50 per cent by September 2014, "saving first home buyers up to \$15,535," said Mr Wells.

"We understand that it can be tough going to get a foothold in the housing market,

which is why we are investing significantly in support for first home buyers," he said.

He also pointed to a weaker housing market at present making conditions ideal for first time investors, with growth ahead.

More details available [here](#)

Coalition Working Group to Grow Tasmania

The Coalition will develop a 'Growth Plan for Tasmania' that will encourage investment, restore economic growth and create jobs.

The Tasmanian economy has drifted under the policies of federal and state Labor. Labor's economic mismanagement has delivered low state growth, the loss of employment and the steady decline of Tasmania's competitiveness. It does not have to be this way.

The 'Growth Plan for Tasmania' will seek to draw on Tasmania's traditional strengths – forestry, agriculture and tourism – and will identify any impediments to building a stronger economy in Tasmania.

We are determined to boost Tasmania's economic growth. We must draw on Tasmania's natural strengths, lift productivity and improve the state's competitiveness.

We want a stronger and more resilient Tasmanian economy, underpinned by robust and sustainable industries – delivering more jobs and a higher standard of living.

More details available [here](#)

THE WORLD

Property news from around the world



US house prices lift for first time in two years

US house prices in June posted their first year-on-year increase in nearly two years, according to a widely watched index, as more buyers chased fewer homes on the market.

The S&P/Case-Shiller index of 20 major metropolitan areas showed house prices rose by 0.5 per cent in June, compared with a year ago, to end a 20-month streak of declines. House prices are still down by almost 31 per cent from their 2006 peak but have returned to mid-2003 levels.

A separate national index released by Case-Shiller said prices were up 1.2 per cent from a year ago and 2.2 per cent from the first quarter, on a seasonally adjusted basis. The quarterly gain was the largest since late 2005.

“This is a clear trend now. We have had a very strong spring season,” said chief economist at real estate data firm CoreLogic, Mark Fleming.

The report followed several others that had pointed to a strong bounce in sales this northern spring. The rebound began to take hold months ago, as the number of houses for sale dropped sharply, especially as banks have listed far fewer foreclosures. In addition, some sellers were holding out for better prices or were unwilling to sell because they owed more than their homes are worth.

More details available [here](#)

Sotheby's downunder

Realty Corp. subsidiary Sotheby's International Realty Affiliates LLC has announced that it's entering the Australian market, having signed a 25-year master franchise agreement with a Sydney real estate veteran to develop the brand in New South Wales.

Michael Pallier, formerly a principal and licensee of Raine and Horne Double Bay in Sydney, will serve as owner and managing director of Sydney Sotheby's International Realty, which will market its listings on the sothebysrealty.com global website.

The firm will open an office in Sydney next month, and focus on luxury homes, apartments, and farm, ranch and land markets in New South Wales and the Australian Capital Territory. Additional offices are planned in Sydney's North Shore and the central business district between 2013 and 2015.

The Sotheby's International Realty network claims more than 12,000 sales associates in 625 offices in 44 countries and territories worldwide. Realty entered into an alliance with auction house operator Sotheby's in 2004 to license the Sotheby's International Realty name and develop a franchise system.

The Olympic legacy for London's property market

The official London2012 website states that ‘the Olympic and Paralympic Games have been the catalyst for the physical transformation of East London’ raising

the profile of the area and bringing it to the attention of the world.

Large scale infrastructure projects, improvements to transport links, shopping facilities and local amenities have transformed previously neglected neighbourhoods and have made them more desirable. But what effect has the Olympics had on East London's property market and London as a whole?

You might expect East End house prices in the run up to the Olympics to have increased significantly. Interestingly however, according to property website Zoopla, property in Newham (one of six dedicated Olympic host boroughs in East London) has decreased in value by 3.8% in the last 4 years. It's a similar story for Hackney which is down 2.25% and Tower Hamlets which has increased, but only by 1.79%. This compares with the overall average for London of a 1.79% increase.

Areas such as Kensington (up 5% on Zoopla), Islington (up 3.16% on Zoopla) and Camden (up 3.37% on Zoopla) have performed better over the same time scale and remain popular with buyers and particularly with overseas investors who view London as a safe investment in volatile European and World Markets.

Notable, is an increase in sales activity specifically during the Olympic period. Estate agency Marsh & Parsons reported an increase in property sales activity throughout London, up 23% on last year's figures and 35% on the same 16 day period in 2010.

More details available [here](#)

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