

REIANEWS

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AFFORDABLE
HOUSING

ALSO IN THIS ISSUE

SMALL BUSINESS
INDUSTRIAL RELATIONS

REIA AFFILIATES'
COUNCIL MEETING

AN AGEING AUSTRALIA

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PRESIDENT'S REPORT

Mr Peter Bushby
REIA President



WELCOME FROM REIA'S PRESIDENT

Welcome to the March edition of REIA News, in this, the 90th year of the Real Estate Institute of Australia.

We'll be celebrating in style on 20 March at the Museum of Old & New Art (MONA) in Hobart at the News Corp REIA National Awards for Excellence. The combination of 90 great years and the acknowledgement of those who strive for excellence in their profession will make for a terrific evening. Look out for the photos in the April edition.

The latest housing finance figures released by the Australian Bureau of Statistics (ABS) show the number of owner-occupied finance commitments is almost static, decreasing by 0.1 per cent following an increase of 0.1 per cent in November and a flat December 2013.

The value of investment housing commitments continued to increase, with a rise of 1.6 per cent in January resulting in nearly three years of consecutive monthly increases.

These latest results highlight the need for all Governments to act on housing affordability and in this edition of REIA News, we tackle issues such as supply and Australia's ageing population.

REIA is hosting a Housing Affordability Roundtable later this month where industry and political leaders will have the opportunity to plot strategies to tackle this important issue.

We are delighted that the Minister for Social Services, Kevin Andrews, will kick off the discussion.

Mr Peter Bushby
REIA PRESIDENT

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AFFORDABLE
HOUSING

This article is brought to you by
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Population growth in Australia as well as changes in the demographic composition necessitates that the supply of affordable housing is addressed as a priority policy issue. Availability of affordable housing is a goal that should be shared by governments and all sectors of the community.

Availability of affordable housing impacts on the functioning of the economy as well as the wellbeing of individuals and the cohesiveness of communities and society.

Over the five years to 2011, home ownership declined by 1.1 percentage points to 67.0% of occupied private dwellings. The drop was evidenced across all states and territories and was most pronounced in the 35 to 44 age group. In the decade to 2011, home ownership dropped by 4.5 percentage points for the 35 to 44 age group and by 5.5 percentage points for the 45 to 54 age group. The National Housing Supply Council, in its 2012-13 report, showed that it seemed certain that the rate of home ownership would drop further.

Australia's population reached 23.13 million in mid-2013, having added over 407,000 people in the year to June 2013 - this is equivalent to a growth rate of 1.8 per cent over the year which is well above the long term average.

In short we are not building enough dwellings to accommodate our increasing population.

At the same time first home buyers are finding it increasingly difficult to enter the housing market.

The easing in monetary policy that started in November 2011 resulted in 225 basis points reduction in the official interest rate which has, albeit with a longer lag than expected, resulted in an increase in housing finance approvals. This improvement however is due to a return of investors and changeover buyers. In December 2013, the proportion of first home buyers in the number of owner/occupied housing finance commitments rose from its historically lowest point of 12.3% in November 2013 to 12.7%. This figure is alarmingly lower than the long-run average proportion of 19.9%, despite eight interest rate cuts.

The current Government has acknowledged the importance of addressing housing affordability during its pre-election campaign of 2013. The Liberal Party of Australia in its Our Plan: Real Solutions for all Australians called for improving housing affordability and supporting housing development and promised to improve housing affordability and encourage

» *article continues*



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AFFORDABLE HOUSING

high levels of home ownership saying, "We will work closely with States and Territories who have primary responsibility for housing, to reduce red tape holding up the supply of housing and construction and to increase land release for new homes."

One of the factors that contribute to increases in house prices and declining affordability is the undersupply of housing. Supply has been unable to keep pace with demand due to constraints on land availability, lengthy planning delays and associated costs of approvals, zoning policies, skill shortages and lower yields stemming from the increased cost of entering the property investment market.

The Senate Economics References Committee is currently holding a

broad ranging inquiry into affordability and the REIA will be making a submission. REIA's submission will cover: supply side constraints including land availability, the length and cost of approval process and zoning policies; the combined cost of various taxes and levies imposed on development; the need for taxation reform in particular the abolition of stamp duties; the lessons to be learnt from other countries including allowing first home buyers access to their superannuation; the maintenance of current negative gearing arrangements; the impact on the cost of building of environmental and energy conservation measures; the need for innovative products for first home buyers, and most importantly; the need for a national policy and plan for affordable housing.

At the same time REIA has taken the initiative in hosting a roundtable discussion on housing affordability at Parliament House. REIA hopes that this will be the catalyst for industry, research bodies and community stakeholders to collectively work with governments in addressing the matter.

Invited speakers including the Minister responsible for housing, Kevin Andrews, and representatives from local government, the building sector, finance sector and not for profit community-based organisations will address the multitude of factors impacting on affordable housing. Opposition Treasurer, Chris Bowen, will be attending the networking luncheon.

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

SMALL BUSINESS INDUSTRIAL RELATIONS



On 7 March, the REIA CEO, Amanda Lynch, attended the Small Business Industrial Relations Roundtable with the Minister for Small Business, Bruce Billson.

The Roundtable was timely with the Coalition's Fair Work Amendment Bill before the Parliament which reflects election commitments in regard to improvements to Individual Flexibility Arrangements, encouraging investment in new projects, changes to union workplace access, and providing safeguards against unnecessary and costly industrial action.

Also in attendance were the Fair Work Ombudsman, the Fair Work Commission and Fair Work Building and Construction.

The Fair Work Commission is conducting its four yearly review of all modern awards that have been made, including the Real Estate Industry Award. The REIA is working closely with REIs and the Real Estate Employers' Federation in framing its concerns in relation to union claims that will affect the viability of real estate businesses across the nation.

At the Roundtable, Minister Billson referred to the crucial role played by small businesses which employ a total of 4.6 million Australians – 43% of private sector employment.

"But we have to make it easier for small business to employ people... we recently established a dedicated small business helpline within the Office of the Fair Work Ombudsman," the Minister said. (Telephone Number: 131394)

"And we're developing a mobile-friendly wages tool to be completed around the end of April."

"But it's not just about information. We will also make sure that our workplace relations framework is fair, sensible and is meeting the needs of today's economy. To do this, we have to take an economy

wide look at the current landscape which not only looks at wages but also barriers to employment and investment by business."

Mr Billson said the Government had asked the Productivity Commission to conduct a review into Australia's Fair Work laws, to make sure Australians "have the benefit of an objective, comprehensive and factual assessment of the operation and impact of these laws."

The Government will also re-establish the Australian Building and Construction Commission so that it maintains the rule of law and drives productivity on commercial building sites and construction projects whether on-shore or off-shore. It will also create a Registered Organisations' Commission watchdog to stamp out the corruption inside unions.

He said the Government was serious about deregulation and will implement real measures to reduce red and green tape by \$1 billion a year. "Removing red tape on employers gives them more time and energy to do what they do best—which is to grow their business and employ more people," Minister Billson concluded.



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Chris Mourd, Head of Network LJ Hooker, David Crombie, CEO of Estate Agents Cooperative, Carl Peterson of Professionals, Amanda Lynch REIA CEO and Ray Ellis CEO First National

REIA AFFILIATES' COUNCIL MEETING

REIA held its Affiliates' Council meeting on 20 February and our special guest was the former Senator and Parliamentary Secretary for Housing, Gary Humphries, who is also a former ACT Chief Minister. Mr Humphries addressed the council on the emerging priorities of the Abbott Government and the importance of industry representation through a national body such as REIA. Issues covered were the Franchising Code of Review, Self Managed Super Funds and agents, Industrial Relations, Mutual Recognition and the Senate Inquiry into Affordable Housing. The Affiliates' Council comprises franchisors, networks and cooperatives of residential real estate practitioners supported by the REIA Secretariat. It provides direct input to the REIA Board by proactively raising issues of concern and by contributing to positive policy formulation. Membership is the Professionals, LJ Hooker, First National and Estate Agents Co-operative.

For information about membership, please contact REIA CEO Amanda Lynch on 02 6282 4277 or at amanda.lynch@reia.com.au



Dr Bronwyn Evans, CEO of Standards Australia, Amanda Lynch REIA CEO and Bob Baldwin, Parliamentary Secretary to the Minister for Industry

STANDARDS AUSTRALIA

The REIA CEO, Amanda Lynch, attended an Industry Leaders' Boardroom Lunch recently at Standards Australia with the Parliamentary Secretary to the Minister for Industry, Bob Baldwin, and the CEO of Standards Australia, Dr Bronwyn Evans. Mr Baldwin provided a snapshot of the Government's approach to standards and their significance in increasing Australia's outreach into global markets. He also briefed Ms Lynch on the Government's renewed focus on improving the quality of real estate courses and skills through its review of the Australia Skills Quality Authority.

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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

AN AGEING AUSTRALIA



The issue of an ageing Australian population and its implications is drawing widespread attention with the release of two population projection reports.

According to the Australian Bureau of Statistics (ABS), the resident population of Australia has reached 23 million and is set to double by 2075. Not only is the population growing, but it is also getting older. Sustained, below-replacement fertility levels coupled with increasing longevity are the major drivers for Australia's ageing population. The ABS projects the median age in Australia to increase from 37.3 years in 2012 to 40.5 years in 2040, with the number of people 65 years old and over to double from 3.2 million to 6.8 million by 2040. By 2040, one in five Australians will be aged 65 and over while the over 85 year olds are expected to make up 4% of the total population.

The Productivity Commission's (Commission) research paper, *"An Ageing Australia: Preparing for the Future"*, looks at how Australia's population would change over the next fifty years and what implications there would be for the economy and society. According to the Commission, Australia's population is projected to increase to more than 38 million by 2060, with the over 75 year olds rising from 6.4% of the total population in 2012 to 14.4% in 2060.

Inevitably, ageing will impact on all facets of our life, forcing a major economic and social transformation in Australia. Provision of health and housing services will have to be adapted so they meet the demands of an ageing society.

» *article continues*

The Commission's research paper found that:

- Total private and public investment requirements over the next 50 years are estimated to be more than 5 times the cumulative investment made over the last half century;
- Labour participation rates are expected to fall from 65% in 2012 to 60% in 2060;
- Overall labour supply per capita is to contract by 5%;
- Average labour productivity growth is projected to be around 1.5% per annum from 2012-13, well below the high productivity period from 1988-89 to 2003-04;
- Real disposable income per capita is expected to grow at 1.1% per annum compared with the average 2.7% annual growth over the last 20 years.

The Commission expects that Australian governments will face additional pressures on their budgets, equivalent to around 6% of national GDP by 2060, principally reflecting the growth of expenditure on health, aged care and the Age Pension.

The Treasury's 2010 Intergenerational Report confirmed that an ageing population will have a noticeable impact on GDP per capita growth and on fiscal sustainability, over the coming decades. In his presentation to the Committee for Economic Development of Australia, Dr Ken Henry highlighted that *"Getting near-term budget settings right will be central to placing government finances on a sustainable long-term path. In this sense, an effective medium-term fiscal strategy will continue to play an important role in framing long-term revenue and spending decisions."*

It is time for Governments to think seriously about the challenges ahead.

WOMEN IN INDUSTRY

The Construction and Property Services Industry Skills Council (CPSISC) held a luncheon for International Women's Day at which the Women in Industry Information Hub – Industry Women Central (IWC) was officially launched by Deb Anton, Head of Division, Enterprise & Skills Connect from the Department of Industry.

“Industry Women Central (IWC) is a great opportunity to promote women in the construction and property services industries nationally. We funded this project because of the importance of promoting women in these industries and a Hub such as IWC can really make a difference,” said Ms Anton.

Industry Women Central is the place for women in industry to go to collaborate, share ideas, find out information on upcoming events and opportunities. It also provides

access to education scholarships, mentor programs, speaking opportunities, award programs, career advancement, board and committee opportunities and much more.

Glenn Simpson, CPSISC Chairman welcomed guests to the International Women's Day Luncheon. He said, “This year's International Women's Day is all about Inspiring Change. International Women's Day celebrates the social, political and economic achievements of women while focusing world attention on areas requiring further action.”

The aim of IWC is to increase attraction, engagement, education, visibility, advancement and promotion for women and non-traditional industries through cross-sector partnerships. The national information hub focuses on women in the construction and property

services industries with potential to expand into other industries in the future (such as mining, agriculture, manufacturing and forestry).

Two of the Ambassadors of IWC were in attendance at the Launch; Senator The Hon Kate Lundy and Samantha Sheppard OAM, Director of the Buildmore Group who has just been inducted into the Business Women Hall Of Fame.

The Industry Women Central Hub will help to increase participation of women in industry, specifically in non-traditional roles: www.industrywomencentral.com.au. [The pilot program runs until June 2014.](#)

TELSTRA HELPS KEEP ALTERED IMAGES CLIENTS SMILING



As a sole trader, Ian Van der Wolde, a Melbourne commercial photographer juggles many priorities as he travels to shoots for clients, spends time in the office processing images, or does the admin needed to keep his business humming.

Ian knows that a heavy workload could make him look as if he's not available and reliable. "People know I'm a one-man show, but I have always prided myself on being professional," he says. "That's not always easy."

One of his key tools for presenting that professional image is DOT (Digital Office Technology)[™], an all-in-one fixed, mobile and broadband solution. For Ian, the solutions most valuable feature is the Simultaneous Ring, which means when someone calls his landline, his mobile rings at the same time. "It is really important that clients can find you" he says.

Voice2Email, which sends audio files of your voicemails to your email address, also makes a big difference when Ian travels. Plus, Telstra's high-speed broadband is critical, as Ian shoots in a special format that means each image may be more than 200 megabytes in size. Having reliable broadband is essential if he wants to quickly send his work to clients. The solution includes ADSL 2 + broadband but also offers an optional add-on mobile broadband device that works as a back-up if the ADSL ever goes down when in coverage areas.

"Being in business is all about communication and being informed so your clients can reach you when they want to," notes Ian. "DOT makes being in business easier."

"The beauty of DOT is that my calls will ring on my mobile phone simultaneously with my landline so I never have to divert anymore, and it's all included in one monthly fee," says Ian. "I used to divert my phone, which meant that every call that was diverted from my studio to my mobile I was paying for. So when I got my bill, there'd be over 100 phone calls from me to my mobile that I was paying for. By changing to DOT, what I'm saving [on that] is essentially paying for the service in full."

DOT MAKES CUSTOMER SERVICE EASIER

"Small businesses want two things: flexibility and control," says Andrew Stormont, director for DOT. "Flexibility is about working on the go with the best tools."

"DOT combines several communications technologies and takes away the 'I'll make that call later on the landline to save money' decision, so a small business can always use technology to respond to customers. For Altered Images that's

"SIMULTANEOUS RINGING ON BOTH HIS LANDLINE AND MOBILE MEANS COMMERCIAL PHOTOGRAPHER IAN VAN DER WOLDE IS EASY FOR CLIENTS TO CONTACT, WHETHER HE'S OUT ON A SHOOT OR IN HIS STUDIO."

important, as Ian is so mobile. Being able to direct calls to your mobile helps show how flexible you are".

"Even something like wireless mobile broadband back-up is about control. It means the internet should be available so they can deliver what they promise to customers."

For more small business stories visit smarter.telstrabusiness.com

IT'S HOW
WE CONNECT



INDUSTRY ARTICLE



John Goddard

HOW DO YOU VALUE TRAINING?

Last week, I briefed a franchise network with forty offices that are using our property management software. The purpose of the session was to highlight product improvements that were implemented in the past 12 months and to provide a heads-up on planned upgrades to be released in the next few months.

Knowing that we had made many changes in the last two releases all aimed at giving back time to busy property managers, I expected the improvements would be implemented in their office and they would be raving fans.

As part of my preparation for the meeting I asked our accountant to give me some information on the training the forty offices had completed in 2013. I was surprised to discover that only 20 of the 40 had completed any training with Rockend. Of the 20 offices who trained staff, their investment in time ranged from a half person day up to 20 person days in the year; a very big difference.

Of course, my immediate concern was for the 20 offices that were not investing in their staff. It raised many questions and judging by some of the things I was asked, it was obvious that many of the great new features were not being used for the benefit of their staff or their customers.

Here is a simple sum that you may wish to try for your business; I believe that even the best run office could have trained 3 to 4 people on the new 2013 features and gained at least eight hours a week through productivity improvements. That is worth about \$16,000/year assuming a loaded labour cost of \$40/hour. The training would have cost from \$500 to \$1000. Not a bad return!

But what about if those eight hours were dedicated to revenue generating or wealth creating activities? If the eight hours were focused on acquiring a new property to manage (possibly one extra property every two weeks) how would that improve the value of your rent roll? Here is

the answer assuming the rent is \$500/week, commission is 7% and the rent roll multiple is 3 times:

$$500 \times 52 \times 0.07 \times 3 \times 26 = \$142,000$$

So my challenge to you is to invest a little time in learning more about what you have. A few hours may be enough to recognise the potential of your current software (ours or a competitor). Do the sums and you will be amazed just what a small investment in training can deliver to the bottom line and the balance sheet.

John Goddard

GENERAL MANAGER
MARKETING & SALES

▶ John Goddard was Rockend CEO from 2004 to 2012. He currently heads Rockend's sales and marketing teams. He is personally committed to life-long learning and encouraging all Rockend staff and their clients to take control of their personal development, both through work and personal learning.

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FIABCI AUSTRALIA REPORT

ELECTION OF FIABCI OFFICERS AT THE GENERAL ASSEMBLY ON 19 MAY 2014

FIABCI's Nominations Committee and Secretariat are pleased to solicit candidates for the following positions

World President (one year terms:
May 2015 – end of May 2016)

Vice presidents and Secretaries

General of Committees (two-year
terms May 2014 – end of May 2016)

Deadline for entering nominations:

- All nominations must be addressed in writing to the Nominations Committee, care of the General Secretariat in Paris no later than April 19th 2014.

General requisites for all Nominees:

- Candidates must be members of FIABCI at the time of their nomination
- Candidates' nominations must be approved by their Chapter
- Candidates must undertake to attend all meetings at World Congresses and December Meetings during their term of office, and at their own cost.

Additional requisites for candidatures to the position of World President:

- All candidatures for the World Presidency must be accompanied by a letter from the interested candidate, stating his or her willingness to stand for World President.
- Each candidate must confirm that he or she, if elected, will be willing and able to devote the time and travel necessary to carry out the functions of this high position. The candidate elected will also be expected to attend the 2014, 2015 and 2016 World Congresses and all the Board meetings and General Assemblies from May 2014 to May 2016



Chris McGregor

- Elected candidates must agree to resign from any other elected or appointed position within FIABCI during his or her term of office. The World President Elect must also agree to do so, for the year preceding his or her term in office.
- Candidates must be a representative of the General Assembly at time of nomination.
- Must have attended at least three FIABCI World Congresses.
- Must have served as President of at least one FIABCI Committee for a period of at least two years

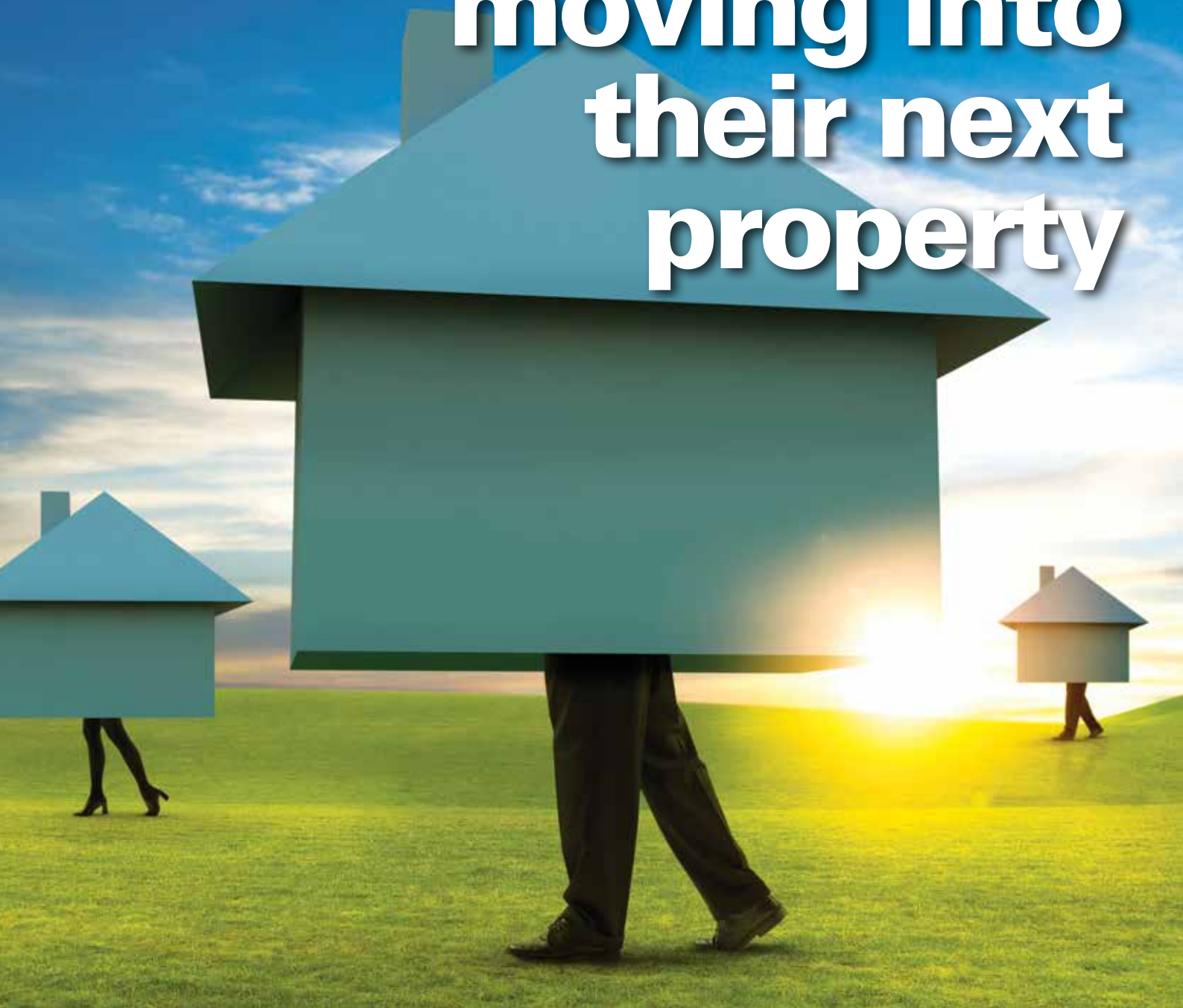
FIABCI WORLD CONGRESS IN LUXEMBOURG

Registration is now open for the World Congress. Full information, including the program for the event can be found at <http://www.fiabci65.com/>

Chris McGregor

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INDUSTRY UPDATE

Industry news from around Australia



Future safety buffer on interest rates?

The Reserve Bank has offered a possible glimpse of the future for its housing market policy.

That future may be macroprudential policies and, judging from the comments by the bank's governor Glenn Stevens, it will not be a New Zealand-style loan to property value cap, but a loan to income limit.

"The most effective tool could be that when banks test people for an interest rate, so you are supposed to be able to make the payments not just at the current rate but, say, 200 [basis] points higher, APRA could insist that the test be made 300 higher, or 400, or whatever, so that people do not get overcommitted," he told the House of Representatives Economics Committee.

Banks already 'stress test' borrowers to see if they can afford to make repayments at higher interest rates - late last year Mike Smith said ANZ had lifted its test to 2.5 percentage points [250 basis points] above current mortgage rates, up from a 1.5 percentage point test previously.

The bank has done that in response to record low mortgage rates, with many standard variable discount rates around 5.2 per cent or lower.

So there is a strong financial stability argument for the Australian Prudential Regulation Authority (APRA) to start making banks put a 3 or 4 percentage point safety buffer on current rates when they test borrowers' ability to meet repayments.

First National's new website

Australian real estate brands must innovate, engage, and inform to attract new customers in the crowded social/mobile digital space. Those that can cut through to customers with customer focused websites that work on smartphones, iPads and desktop computers will boost their profile and rapidly grow market share, according to First National Real Estate chief executive, Mr Ray Ellis.

Attending the launch of First National Real Estate's new national website, Mr Ellis said First National was the only network to think outside the box and address what customers really want, which is much more than just property search portals.

More than 65 per cent of people looking for property are using their phone or mobile device so video marketing is of growing importance. Anecdotal evidence is that properties marketed with video sell faster and are perceived to be of higher value.

"Nobody wants to read off their smart phone's small screen so the FNTV section of our website offers video property search, video market updates, video tips and a wide range of useful video resources and advice that's easily accessible" said Mr Ellis.

The cooperative network that has approximately 400 offices across Australia, New Zealand and the South Pacific is socialising its entire business and actively engages with customers through a variety of social platforms. Its 'Social Express' strategy has delivered members a 76 per cent increase in local consumer reach in its first six months and 'fans' have increased by close to 40 per cent, across the group.

Employer compliance

The Fair Work Ombudsman is calling for leadership from the real estate industry in Queensland to help improve compliance with workplace laws.

Fair Work Ombudsman Natalie James says education within the industry is not a job for her Agency alone, and is urging employer organisations and large real estate brands to help drive behavioural change.

Ms James says most real estate companies would want the poor practices among their competitors exposed and remedied ... "so we need to harness that attitude to bring about improvement and a level playing field for all".

In 2011, the Fair Work Ombudsman audited 156 Queensland real estate industry employers to check if they were lodging staff pay agreements

- and less than half were doing so, prompting a follow-up campaign last year.

Of 279 employers scrutinised in a second round of auditing, 230 or 82 per cent, had complied with the requirement to lodge pay agreements for staff with the Queensland Property Industry Registry.

While encouraged by the turn-around, Ms James says there are still some disturbing findings by Fair Work inspectors looking into complaints against the real estate industry in Queensland, such as non-payment of minimum entitlements to commission-based staff.

Big bad wolf

Real estate agents are furious after the real Wolf of Wall Street was hired to speak at a national industry conference.

Convicted con man Jordan Belfort is being billed as the headline act at the Australian Real Estate Conference, to be held in June.

Belfort, who is portrayed by Leonardo DiCaprio in the Martin Scorsese's Oscar nominated film *The Wolf of Wall Street*, served 22 months in prison between 2004-06 for securities fraud and money laundering.

His crimes resulted in clients being defrauded out of more than \$200 million.

Industry veteran and Harcourts Frankston director Brent Pullar said the conference was brazenly promoting a fraudster whose actions had devastated many lives.

"For AREC to market a convicted con artist's sales techniques and powers of persuasion is not something I want for the industry," he said.

"I don't see the benefit in glorifying outdated '90s sales techniques when the public are totally against this type of behaviour. If the leaders of AREC continue to promote Mr Belfort, what message is this giving to the attendees and what does it do to the industry's image?"

But conference organiser, Total Real Estate Training, said most agents had welcomed Belfort's appearance.

Herald Sun

MAKING NEWS

General national news



Top capital

Canberra is Australia's most liveable city, nudging out Adelaide for the top spot for the first time in four years, according to a new survey of residents' views of their own city.

The annual My City: The People's Verdict survey of 5,400 people in all capital cities, as well as Newcastle and Wollongong was undertaken by Auspoll for the Property Council.

The survey, now in its fourth year, polled 5,400 people across 10 cities, asking them to rate their city on the issues that matter to them. The results reveal a change in the liveability scores of our largest cities.

Most notably, Adelaide has lost the top spot and fallen behind Canberra, driven largely by an increasing pessimism about local economic and employment opportunities.

Canberra's rise to the top was driven by continued improvement in areas where it has always performed, such as safety, being clean, good schools and healthcare.

Darwin again tanked on the back of high living costs and a lack of affordable housing.

Property Council Chief Executive, Peter Verwer, said "This is the people's verdict on their own city – a report card for governments on urban liveability".

"The message from our city residents is clear – while there have been improvements in some cities, they want more action from their Governments to improve liveability and opportunities" Mr Verwer said.

Franchise scams

SCAMwatch is warning people thinking about buying a franchise or small business to beware of exciting new franchise opportunities that may actually be scams.

Franchising scams can come in the form of a pyramid scheme dressed up as a reputable

franchise. These scams may appear to be slick and professional, with a sophisticated website, marketing material and buzz-words. The scammers may also promote the franchise as a golden opportunity for investors to join a 'proven' business that requires minimum effort, experience or skill with instant rewards.

A legitimate franchisor will provide a prospective franchisee with a disclosure document 14 days before entering into an agreement or handing over any money (as is required under the Franchising Code of Conduct). This document should contain important information about the franchise, including the payments to be made and the contact details of existing and former franchisees, and inform franchisees of their cooling off rights.

If you sign up to a fake franchise, you will lose your money.

To read the full alert and learn more about how you can protect yourself, visit the [SCAMwatch website](#).

Workplace gender equality

Reporting to the Workplace Gender Equality Agency (Agency) in 2013-14 signals the commencement of full reporting under the *Workplace Gender Equality Act 2012 (Act)* using the Agency's new, secure online portal.

To support your members who report to the Agency, it would like to extend an offer to participate in a one-hour, industry-focused tele-conference, where they can ask questions and have them answered by a senior advisor in the Advice and Reporting team.

The real estate industry-focused teleconference is scheduled for 19 March at 3.30 pm. Please note all times are in Australian Eastern Daylight Time (AEDT) and places are limited.

To ensure this forum is as effective as possible, the teleconference will be structured as follows:

RSVP to Carolyn McDonnell, senior advisor on Carolyn.mcdonnell@wgea.gov.au to inform her of the final number of participants. You will receive dial-in details, the email address for your members to submit their questions and any support materials for distribution in advance.

Eagles, hedgehogs and locusts

Global provider of customer and business intelligence, RFI, has just completed the second in its series of global reports, the Global Consumer Finance Monitor. This study takes into account sentiment of over 26,000 consumers across 13 markets globally.

The monitor seeks to identify these drivers and measures the meaningful impact on how consumers will manage their spending and savings habits over the next 12 months, as compared with the previous year.

In the report, RFI have divided consumer behaviours into three main 'scenarios' – the Eagles, the Hedgehogs and the Locusts.

In the 'Hedgehog' scenario, consumers have low confidence levels, a high rate of savings and tend to consume and borrow less. They provide a rich source of capital, as well as high potential for future growth and profits. In the 'Eagle' scenario consumers have high confidence, high spending and high borrowing patterns and money in their bank to mitigate risk. The 'Locust' scenario highlights consumers who "credit binge", deplete their savings, go into net negative savings and fail to restructure their balance sheets before their bills fall due.

Australia, with its balanced outlook for spending/saving/borrowing is likely to remain stable as an 'Eagle', though the level of saving in New Zealand indicates that there are also some potential downside risks to that market.

POLITICAL WATCH

Information and news from government



Top end housing

Assistant Minister for Defence Stuart Robert MP, together with the Federal Member for Solomon, Natasha Griggs MP, announced additional housing for the Top End.

This initiative will deliver more high quality housing for Defence members while also delivering more land for residential developments that will benefit the general community.

“We will deliver an additional 800 houses for Defence members and their families and, importantly, deliver over 1,500 houses for the general public in Darwin,” Mr Robert said.

“Additionally, as Defence members and their families move into their new Defence Housing Australia (DHA) houses, their vacated houses will be made available to the general public, further easing the pressure on the private housing market.”

Sustainable homes

The latest edition of *Your Home*, Australia’s most comprehensive consumer guide and technical manual for sustainable homes, has just been released by the Department of Industry.

The fifth edition of *Your Home* has been extensively updated with new information, and is a great resource for homeowners, designers and builders alike.

The publication delivers practical and comprehensive information about environmentally sustainable design and building to both homeowners and the building industry.

Tips featured in the fifth edition of *Your Home* include:

- How to design a house that reduces the need for artificial heating or cooling;
- Installing solar electricity and hot water systems;
- How to save money with good insulation, appropriate window types and placement, and low energy lighting;

- How to reduce water usage; and
- How to design a garden to reduce water use and home running costs.

Your Home includes user-friendly step-by-step guides for consumers who want to renovate or build an energy-efficient home; as well as in-depth technical information.

Your Home is a great place to start if you’re interested in designing, buying, building or renovating a truly sustainable and energy efficient dwelling.

For any inquiries email yourhome@industry.gov.au

Master Builders welcomes review of 457 Visa Program

Master Builders Australia welcomes the independent review of the 457 visa program announced by the Government. Wilhelm Harnisch, CEO of Master Builders Australia welcomed the announcement by Senator Michaelia Cash, Assistant Minister for Immigration and Border Protection, as another positive step in the Government’s broad agenda to increase productivity, growth and jobs. “Access to overseas skilled workers where there is a demonstrated shortage is important in lifting productivity in the building and construction industry,” Wilhelm Harnisch said.

Urgent action on housing supply

The peak body representing Australia’s development industry has welcomed the Government’s decision to release the first stage of the National Housing Supply Council’s 2013 State of Supply Report: Changes in how we live.

The released section of the report reaffirms earlier research done by the National Housing Supply Council (NHSC), showing that Australia has a severe housing shortage, rising housing costs and falling levels of home ownership.

Urban Development Institute of Australia (UDIA) National President Cameron Shephard said that the decision to release the report was a positive step, following the abolition of the National Housing Supply Council in November last year. “The NHSC provided some of the best research available on Australia’s housing supply problem, and the Government’s decision to abolish it was very disappointing,” said Mr Shephard.

Affordable finance

The importance of affordable finance for small business was placed on the G20 agenda in a speech by the Minister for Small Business Bruce Billson.

“Small business and family enterprises are fundamental drivers of jobs, innovation and growth in Australia,” Mr Billson said.

“Access to affordable finance is the oxygen of enterprise, and along with human capital and accessible markets is one of the primary pillars of enterprise.”

“Small businesses need good access to affordable finance to start up and grow, and the financial sector needs to deliver for small businesses.”

“We want to make sure that finance is available and affordable.”

Marshall takes the axe to land tax

SA Liberal Leader Steven Marshall has committed to reforming South Australia’s land tax system to reduce cost pressures on business, property owners and renters and bring the state back in line with the rest of Australia. According to the Commonwealth Grants Commission, land tax is levied 36 per cent more severely in South Australia compared to the national average and is the most severe regime of all states.

THE WORLD

Property news from around the world



Chinese investment in UK

Increased Chinese investment in the UK real estate market is contributing to the country's reported property boom says property investment strategist, Rick Otton. With the brakes being put on the local real estate market, the Chinese nouveau riche are continuing to look towards offshore property.

"In December Jones Lang LaSalle released research that showed that Chinese investment in London alone had increased by a whopping 1500 percent since 2010" said Mr Otton. "This is 1 billion pounds worth of London real estate that is owned by Chinese investors."

This foreign investment has both positives and negatives for the local market believes Mr Otton.

"On the positive side, it demonstrates that the UK property market is sound and worth investing in - the Chinese do their research! So local investors should take heart from this" he said.

"But on the flip side, the demand from offshore buyers will continue to push prices up, particularly in London" he said. "And that will put home ownership, particularly for first home buyers and the self-employed, even further out of reach than it is now."

The increase in Chinese investment in UK real estate represents over 50 percent of Chinese investment in the whole of Europe, which at the end of Q3 2013, was 1.9 billion pounds. However, Germany and the US still rank as the largest offshore investors in the UK.

Independent.co.uk

Canadians invest in real estate

The median net worth of Canadian families of two or more people was \$243,800 in 2012 – up 44.5 per cent from 2005 and almost 80 per cent more than the 1999 median of \$137,000, adjusted for inflation, the Survey of Financial Security shows.

The overview of Canadians' financial footing also showed that overall debt grew at a faster pace than assets. But because assets are far larger than debt, net worth still increased.

"Canadians are clearly choosing to invest in real estate at the expense of mutual funds, stocks and bonds," says economist Leslie Preston.

The increase in the value of principal residences rose 52 per cent from 2005 to 2012 as the average price of a home in Canada increased 45 per cent over the same period and home ownership became more widespread.

And the percentage of Canadian families who list a principal residence as an asset has steadily increased from 59.6 per cent in 1999 to 62.5 per cent in 2012.

For those who owned their homes, the median reported value of the residence was \$300,000, up 46.6 per cent from 2005 and 83 per cent from 1999.

Brazil

Real estate prices in Brazil have been cooling since the end of 2011 but they are not expected to decrease in 2014 due to supply and demand imbalances, according to a new report.

However, although statistical data are scarce and there is a wide dispersion of prices and incomes, available information shows that residential properties in large metropolitan areas have become very expensive for the broader middle classes.

The most up to date analysis of the housing market from Fitch Ratings points out that for many, property is only accessible through high leverage and long term financing of up to 35 years.

It also says that the background to the current situation is one where real property prices nearly doubled between 2008 and the end of 2011, while real incomes grew less than 15%. 'The surge in home prices was mainly driven by massive credit expansion, which followed the sustained decrease of historically high interest rates, the increased availability of cheap savings deposits that partly have to be used to fund mortgages, and legal reforms that streamlined the foreclosure process. As banks tried to increase

mortgage lending, loan maturities were extended and LTV limits were relaxed,' it explains.

"Meanwhile, supply has not kept up with surging demand for property ownership, creating an imbalance that is unlikely to be solved in the short term. Brazil suffers from a general lack of good quality homes," the Fitch report adds.

Buying for love

A group of singletons in Japan who claim they were tricked into buying apartments by real estate agents feigning a romantic interest in them have launched legal action.

Two men and 10 women, all aged in their 30s or early 40s, filed a lawsuit on Wednesday against 14 firms, including real estate agencies and loan companies, demanding a total of 200 million yen (\$1.95 million) in compensation.

According to their lawyers, the plaintiffs had become emotionally involved with people they met on online dating sites, with many being led to believe they were heading toward tying the knot.

Their intendeds, however, were more interested in pushing property and talked each alleged victim into buying at least one condominium, with an average price tag of 26 million yen (\$254,000), the lawyers said.

Once contracts were signed and sealed, the romance disappeared and the estate agent skipped out of the relationship.

"These firms' employees made the plaintiffs buy the condominiums, taking advantage of their romantic feelings," said lawyer Shinichi Hirasawa.

"This is a flagrant scheme because the victims were made to purchase the real estate sometimes at prices 30 to 40 per cent above the market rate," he said.

The National Consumer Information Centre has warned that this kind of alleged deception is becoming more common, with 42 reported victims in 2013, up from 26 in 2012.

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