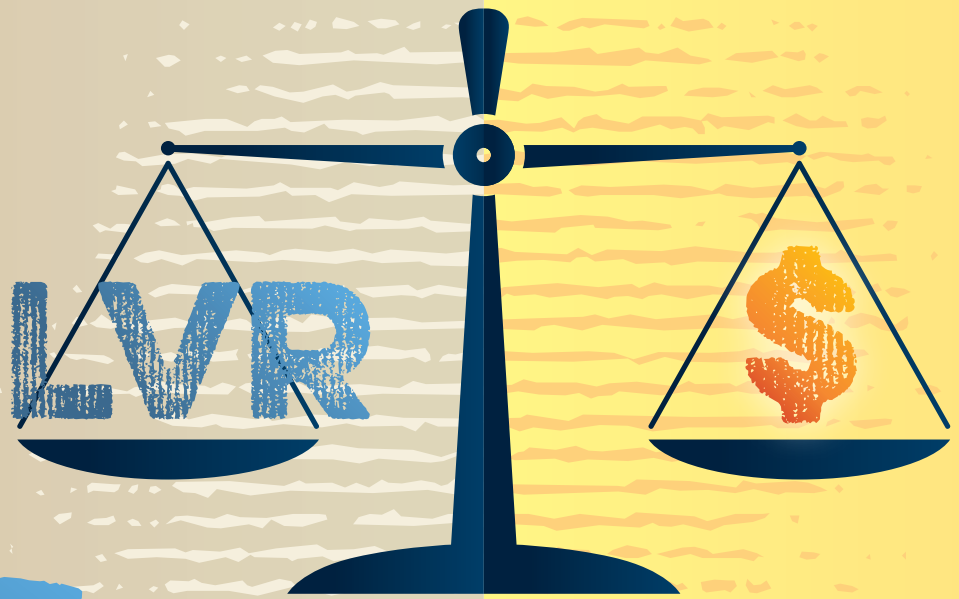


# REIANEWS

ISSUE 39: OCTOBER 2014



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SHOULD MACRO  
TOOLS BE USED?

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# PRESIDENT'S REPORT



*REIA President Peter Bushby with FIABCI World President, Robyn Waters and FIABCI Australian President, Chris McGregor at the FIABCI International Board Meeting in Melbourne last week*

## WELCOME FROM REIA'S PRESIDENT

Hello and welcome to the October edition of REIA News. As always, Spring is a busy time for the real estate sector. There has also been no shortage of media attention lately with news outlets providing an almost daily update on the rising house prices in Sydney and to a lesser extent Melbourne. This has triggered significant debate about the possibility of the Reserve Bank of Australia turning to macro-prudential tools to cool the appetite of housing investors; an emerging issue that is addressed in more detail in this month's cover story by REIA policy manager, Jock Kreitals. While the media coverage has been almost prolific, it is important to remember that the rapid

increases in house prices reported in the media do not reflect a uniform national trend and the median house price in many Australian capital cities is far more steady and consistent.

REIA recently attended the FIABCI International Board Meeting in Melbourne, which provided an excellent opportunity for networking with our overseas colleagues. There are many interesting trends to watch internationally as the US real estate sector continues to rebound following the GFC while surging apartment prices in London have begun to cool after a steady period of strong growth. Our World President, Robyn Waters spoke of the great advances in technology as well as its limits with buyers and sellers still wanting face-to-face contact with people.

I was in Adelaide last week for the REISA Awards for Excellence, which was a spectacular night and I look forward to seeing the winners at

the National Awards for Excellence in Perth on 12 March 2014. I also attended the inaugural NSW Awards for Excellence co-hosted by REIA and the Estate Agents Cooperative (EAC). It was a fantastic night and it was great to have NSW once again back in the race for the national awards after a four year absence. It was also great to further cement our relationship with EAC and we at REIA are looking forward to working more closely with EAC as this relationship grows.

A group of special international guests were able to join us for the NSW Awards with the President, Vice-President & CEO from the National Realtors Association (NAR) visiting us from the USA. Our relationship with NAR is one that REIA is very committed to and we are grateful of the opportunity to further strengthen this relationship.

**Mr Peter Bushby**

REIA PRESIDENT

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



## THE CYCLICAL NATURE OF PROPERTY



It's been hard to read a newspaper lately or watch the TV news without seeing reports on the surging house prices in Sydney and Melbourne. This has prompted a debate over whether or not Australians are investing too much in real estate. While we are seeing strong growth in Sydney and Melbourne, this is not a trend that is consistent across Australia and nationally results have been varied from city to city.

In Sydney, a combination of an undersupply of housing, low interest rates (which average around 5.6% for home owners) and immigration are

all fuelling demand in the harbour city. Unlike many cities, which are experiencing a shortage of houses, there is an under-supply across all dwelling types in Sydney which the Reserve Bank of Australia last week admitted is adding to demand. With Sydney accounting for the majority of all immigration resettlements in Australia, it's hard to see the current trend for strong housing prices changing, though growth will slow. The median price in Sydney now stands at \$811,837 and has increased 17% in the past year. By contrast, the median price for a house in Hobart is less than half that of Sydney at \$380,000.

Only Melbourne has also seen rapid price gains this year with the median house price now close to \$660,000, however many expect this market to moderate.

Adelaide, much like Canberra and Darwin, has seen small but consistent price increases with the median house price in South Australia's capital now standing at \$418,150. Despite recent manufacturing job losses, the gains in Adelaide are not surprising given that the city is attractive for interstate investors.

The trends in Perth are different once again with the market in the west dropping slightly to a median house price of \$535,000 after a period of very strong growth. The quarterly fall in Perth also demonstrate that the downturn in mining is at this stage only restricted to Western Australia.

There is however one very concerning national trend and that is that first home buyers have hit a record low and now account for only 12.2% of all home loans. REIA has long argued that this critical group need to be given greater confidence to enter the market. Given the persistently low figures, REIA would like to see more state and territories re-establish grants for first home buyers so they can attain home ownership. While these grants still exist in some jurisdictions, they frequently only apply to new homes.



*Amanda Lynch interviewed by ABC TV on the current housing price trends across Australia*



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## EAC/REIA NSW AWARDS FOR EXCELLENCE

THE BEST  
OF THE  
BEST IN  
NSW REAL  
ESTATE



*REIA President, Peter Bushby presents the Business Broker of the Year Award to LJ Hooker's Gautam Jain*



*Kerry Johnson from First National Manly Vale receives the Corporate Support Person of the Year award, presented by REIA President Peter Bushby*

The first REIA/EAC NSW Awards for Excellence were held in Sydney recently with the best of the best in real estate named. Embodying excellence and professionalism in the real estate industry, the winners were celebrated during the awards ceremony at the Sofitel Wentworth, Sydney.

The inaugural awards saw applicants compete for a total of 13 awards covering all aspects of the real estate profession from innovation to corporate support, business broking and of course the highly contested award for the best small, medium and large residential agency.

The Awards for Excellence allowed nominations from the industry, through NSW Affiliate Council Members of the REIA including Estate Agents Co-operative, LJ Hooker, Professionals Real Estate and First

National with winners being selected by a panel of independent industry experts who judged each submission.

The awards provide an opportunity to be recognised at both a state and national level, with winners from these awards progressing onto the REIA National Awards for Excellence in Perth on 12 March 2015.

REIA would like to congratulate all 13 winners and we look forward to seeing you at the National Awards for Excellence on 12 March 2015 in Perth.



# EAC/REIANSW AWARDS FOR EXCELLENCE



EAC CEO David Crombie presents the award for the Commercial Salesperson of the Year Award to Viktor Desovski from Colliers International

Jordan's Crossing Real Estate took out the award for Small Residential Agency of the Year

Darin Butcher from Wiseberry Heritage, Charmhaven and Wyong received two awards – the Communications Award and Large Residential Agency of the Year. He is seen here with Drew Ferns from major sponsor Oamps

## The 2014 winners are:

Large Residential Agency of the Year	<b>Wiseberry Heritage, Charmhaven and Wyong</b>
Medium Residential Agency of the Year	<b>LJ Hooker Concord</b>
Small Residential Agency of the Year	<b>Jordans Crossing Real Estate</b>
Commercial Agency of the Year	<b>LJ Hooker Commercial Silverwater</b>
Residential Property Manager of the Year	<b>Justin Spencer from LJ Hooker Parramatta</b>
Commercial Property Manager of the Year	<b>John Moufarreg from First National Iskandar</b>
Business Broker of the Year	<b>Gautam Jain from LJ Hooker Business Broking</b>
Communications Award	<b>Wiseberry Heritage, Charmhaven and Wyong</b>
Innovation Award	<b>LJ Hooker Cessnock</b>
Community Service Award	<b>LJ Hooker Cessnock</b>
Corporate Support Person of the Year	<b>Kerry Johnson from First National Manly Vale</b>
Residential Salesperson of the Year	<b>Benjamin Mulae from First National Gladesville</b>
Commercial Salesperson of the Year	<b>Viktor Desovski from Colliers International</b>

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DISAPPOINTMENT**  
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# 2014

## The Australasian Auctioneering Championships

WEDNESDAY & THURSDAY, 22-23 OCTOBER 2014

### A great reason to visit Auckland in October

The Australasian Auctioneering Championships is a playground for the savviest auctioneers from New Zealand and each of the Australian states. It offers the hottest competition under a banner of banter and good natured rivalry.

The Real Estate Institute of New Zealand is the proud host of this 15th event and we welcome competitors and supporters to Auckland for an action packed time out.

**Experience Auckland** – make a day of it on Tuesday 21 October 2014, the day before the champs. Choose from a bunch of Auckland adventures for you and your team. Auckland is bursting with things to do and see!

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# REIWA HAS A NEW WEBSITE

## [www.reiwa.com.au](http://www.reiwa.com.au)

**The Real Estate Institute of Western Australia recently launched its new website to the public. The well-known real estate portal, [reiwa.com](http://reiwa.com), has been completely overhauled with a new look, new features and easier navigation.**

REIWA Chief Executive Neville Pozzi said a great deal of time and money had gone into improving the site after comprehensive feedback from agents and users of the site.

“We are very excited about the new website and confident the public will embrace it. It is without doubt the best property website operated by any real estate institute in Australia and has outstanding local content,” Mr Pozzi said.

Mr Pozzi said REIWA was serious about competing with the large commercial property websites in the marketplace and determined to become the go-to place for all Western Australians to achieve their real estate goals.

“There has never been a better time for [reiwa.com](http://reiwa.com) to be completely refreshed and modernised. It’s what the public have been calling for and what our agency members expect of us,” Mr Pozzi said.

The new website has been designed to work smoothly across all PCs, tablets and mobile devices. Executive Manager of [reiwa.com](http://reiwa.com), Lisa Ravlich, said the website currently reaches over 400,000 property seekers every

month and over 19,000 Western Australian unique browsers every day.\*

“Our traffic is comprised of genuine, interested buyers from WA, with over 80 per cent of our entire site traffic visiting from this state,” she said. Ms Ravlich said the new site also had bigger photos, educational material for buyers, sellers and renters and lots of local suburb detail including demographics, lifestyle options, growth details and interactive maps.

“In fact our mapping really sets us apart from the competition. We have partnered with WA government department, Landgate, to highlight property boundaries and their dimensions, along with water and sewer connections for listings,” Ms Ravlich said. The new [reiwa.com](http://reiwa.com) is an industry owned website operated by REIWA, with all revenue being used to improve the services and facilities of the Institute for its members and the public.

“We are not beholden to any shareholders, which means we don’t impose unfair contracts on agents or charge unreasonable fees which impact on sellers and landlords whose properties are listed on the site,” Mr Pozzi said.

## A BALANCING ACT SHOULD MACRO TOOLS BE USED?

This article is brought to you by  
REIA Manager Policy, Jock Kreitals  
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# THE QUESTION OF MACRO-PRUDENTIAL MEASURES AND THEIR IMPACT ON FIRST HOME BUYERS

Whenever there is debate over Australia's real estate sector, people turn to the Reserve Bank of Australia (RBA) to gauge its response to the situation. The recent debate over whether Australia is heading towards a housing bubble is no exception and all eyes were on the RBA when it recently released its *Financial Stability Review*. The review pointed to a regime of historically low interest rates and strong competition among lenders combined with recent robust growth in housing prices. The review indicated that these circumstances have resulted in a strong pick-up in growth in lending for investor housing – noticeably more so than for owner-occupier housing or businesses. As a result, the RBA contends, the composition of housing and mortgage markets is becoming unbalanced, with new lending to investors out of proportion to rental housing's share of the housing stock. It goes on to say that a broader risk remains that additional

speculative demand can amplify the property price cycle and increase the potential for prices to fall later.

The RBA acknowledges that the large increase in investor activity has predominantly occurred in Sydney and Melbourne – investor housing loan approvals are almost 90 per cent higher in New South Wales than they were two years ago and 50 per cent higher in Victoria – rather than uniformly across Australia.

Subsequent to this report, the RBA appeared before the Senate Economics References Committee's Inquiry into Affordable Housing. In its opening statement it said: 'since 2003 the ratio of housing prices to incomes has been relatively stable but it has been rising recently and is now at the upper end of its recent range.' The RBA went on to note that in the long-term supply factors are critically important as it is the supply response that determines the extent to which additional demand

results in higher prices over time. Targeted assistance can help particular groups such as first home buyers but without a supply-side response, any generalised increase in demand will just be capitalised into prices. Housing prices in Australia have been rising strongly however some of this represented an element of 'catch up' after some earlier weakness.

From these two statements from the RBA it can be concluded that while house prices have risen considerably in some locations around Australia this is less of a concern for the RBA than the increased activity by investors in our two largest capital cities. Any possible macro-prudential measures resulting in tougher lending criteria are thus aimed at investors in two locations but with consequences for all home buyers.

REIA is concerned that any macro-prudential measures will hit first home buyers the most and at a time when the proportion they represent of all

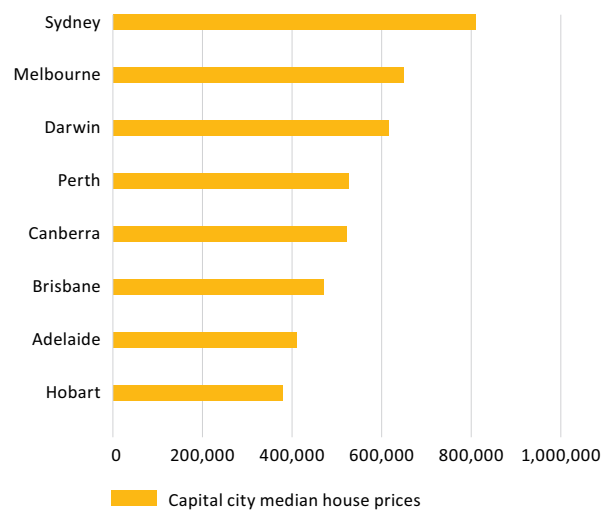
## A BALANCING ACT SHOULD MACRO TOOLS BE USED?

finance approvals is at historically low levels. Increasing lending restrictions run the risk of shutting more first home owners out of the property market. Further the intended reduction in investor activity will result in a drop-off in supply of new housing.

Macro-prudential controls should only be introduced where there is systemic risk and the REIA believes the RBA should exercise caution before introducing macro-prudential reforms which may give rise to unintended consequences for both non-investor buyers and investors alike, particularly outside of Sydney and Melbourne.

It is a concern also shared by Aussie Home Loans chief John Symond, who has labelled in the media, the suggestion of tougher lending criteria as 'premature' and 'ridiculous'. His concerns are that what is being suggested is fraught with danger and will have unintended consequences on first homebuyers and others.

**FIGURE 1** *Capital city median house prices*



# A GOVERNMENT PORTFOLIO FOR CITIES



*The Hon Anthony Albanese MP  
Shadow Minister for Cities*

**The shadow minister for infrastructure and transport, and the newly appointed shadow minister for cities, the Hon Anthony Albanese MP recently addressed the National Press Club. His speech was entitled: *A National Agenda for More Productive, Sustainable and Liveable Cities*. Mr Albanese is also a member of the recently formed, Parliamentary Friendship Group for Better Cities, of which REIA is a founding member.**

Below is an edited extract from his speech.

Cities matter. They produce 80 per cent of our GDP and are home to four out of five Australians. Indeed, in the Asian Century they matter even more than they did in 1972.

Creative cities policy which boosts productivity will be critical to our success. However, change is putting Australian cities under real pressure – pressure that will become more intense in coming decades. Our population is expected to double by 2050. By then, the populations of Sydney and Melbourne will be approaching eight million people.

In the interim, the ongoing rise of the digital age will trigger huge changes in the way we live and work – shifts that will have dramatic consequences for the way our cities function and the ways in which they need to adapt to be successful in the future. If we do not address these shifts productivity growth will slow.

Urban policy is too complex to be left to a single level of government.

The 2013 *State of Australian Cities* Report identified that population growth in Australia was strong on in the middle and outer rings of our cities where housing was more affordable.

But it also noted that the decline of manufacturing and the rise of knowledge-intensive industries meant jobs growth was concentrated in and near central business districts. For the first time in decades, population and jobs growth are not geographically aligned. The report noted this can create spatial polarisation and pockets of social disadvantage.

We are witnessing the rise of a new phenomenon – drive-in-drive out suburbs where people cannot afford to live near their workplace. This trend is changing lives in ways that cause real concern. Allowing this trend to continue is a recipe for entrenched inequity and economic stagnation.

There are many policy issues at play here. There's housing affordability, land supply, jobs shortages in the suburbs, inadequate public transport and access to education and training. It requires a considered and national response. It requires policy leadership and involvement of all levels of government working with the private sector.

I'm particularly attracted to consideration of the 30 minute City concept promoted by some policy thinkers in this area including the Bus Industry Confederation. This is the simple concept that most of peoples day to day work, educational, shopping or recreational activities should be located within 30 minutes walking, cycling or public commuting from their homes.

A national Government can provide leadership in urban policy in cooperation with other levels of Government, with industry and with the community.



*Antonia Mercorella*  
CEO REIQ

## NEW REIQ CEO TO LEAD INCREASED FOCUS ON MEMBERS

The Board of the Real Estate Institute of Queensland (REIQ) this week announced the appointment of Antonia Mercorella as the organisation's Chief Executive Officer.

REIQ Chairman Rob Honeycombe said Ms Mercorella, who has acted in the position since June, would lead a renewed focus within the organisation on the needs of members and the essential services needed to support the real estate profession.

"The board is delighted that Antonia has agreed to lead the REIQ during a challenging period, but one which offers many opportunities as the real estate market grows," Mr Honeycombe said.

Ms Mercorella has worked with the REIQ as General Counsel and then as Deputy CEO since January 2011. She has also worked as principal legal advisor to the Real Estate Institute of South Australia, and as a commercial lawyer specialising in property and real estate.

## MEDIA RELEASE

### EXTRA FUNDING FOR ASQA WELCOMED

The Real Estate Institute of Australia (REIA) has welcomed the Federal Government's announcement today to bolster training and skills development compliance.

In its pre-budget submission earlier this year, REIA called for an improvement in the quality of the delivery of vocational education and training.

REIA CEO Amanda Lynch says, "We have been calling on the Government to act to ensure that the Australian Skills Quality Authority (ASQA) is adequately resourced to ensure new nationally approved quality standards are met for vocational education and training (VET)."

"As well as poor training practices, there are weaknesses and a lack of rigour in the methods of accessing recognised prior learning and the assessment of student competency. Today's announcement of an additional \$68 million in funding over four years for ASQA has given it a sharper bite and I congratulate Industry Minister Ian Macfarlane for his decisiveness," Ms Lynch commented.

"We also congratulate the Government on responding to industry concerns that ASQA's focus should be on a risk-based approach to regulation which will scrutinise those disreputable Registered Training Organisations (RTOs) and brokers offering quickie courses that compromise industry standards."

"REIA firmly believes in the value of quality training and wants to see a strong focus on industry-specific skills training that delivers graduates who are ready to work," Ms Lynch continued.

"Many of our members report that they are looking to hire and they are seeking employees with the right skills that will enable them to not only hit the ground from day one but come to the position with a clear understanding of performance expectations and a view to staying in the role as a long-term career," Ms Lynch concluded.

# INDUSTRY ARTICLE



## MAKE YOUR SOFTWARE WORK FOR YOU

Using software every day has become a habit that most people don't think about. We don't think twice about powering up our computers, logging into multiple software applications and going about our regular tasks. At the end of each month when the invoice arrives, most people probably don't think about that either; you've used the software during the month so you've gained value from it, right? Sometimes that is the case, but more often than not most people are only using a small percentage of the features of any given software system.

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In any good software program, new features are consistently released. At Rockend, products are developed using a structured process which consists of eight month cycles for each major release. There are two major version upgrades each year which include many new and enhanced features designed to help our clients grow their businesses. The upgrades are free but that doesn't necessarily mean that all clients implement every new feature.

Software is generally designed to improve the efficiency of a business. By not leveraging a software solution to its full potential a business can lose time, money and productivity. Businesses that have taken the first step to build a strong team and implement the best software should not overlook the importance of maximising the investment they've made in both people and technology. The most successful businesses not only take advantage of each new upgrade but also of any relevant training. Learning how to use the new features of any software is fundamental for success.

Sarah Dawson, Account Management Team Lead at Rockend, believes that too many businesses are using less than 60% or less of their property management software. When asked for some key tips on how you can find out if you're using your software to its potential, Sarah gave some great advice. Firstly, run some simple reports. Think KPI reports and business summary reports. Reports like these can give you an insight into your data (and its integrity) and help you capture what you might

be missing. Once you find the gaps, you can begin improving your data integrity. Next is training. Training is key to using any software to its full extent. For what is generally a small investment of time and money, users who are professionally trained get the full benefit of any new features.

Thirdly, Sarah's advice is to speak to your software supplier about how to find out which areas need work. 'You don't know what you don't know' says Sarah, 'call your supplier and ask the question. At Rockend, your account manager will come and talk to you about your business goals and how Rockend can help you achieve them. We find that we can always identify areas for improvement, whether it be through staff training or use of software'.

Businesses that do this understand how to use the product to its full potential to automate mundane tasks, grow the business and increase profits.

***Stephanie Challinor***

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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](mailto:evgeniya.hawthorne@reia.com.au)

# PRODUCTIVITY IN AUSTRALIA'S REAL ESTATE SECTOR



## THREE CRITICAL AREAS THAT CAN IMPROVE YOUR COMPETITIVENESS

**With some capital cities booming, new housing price records being set in some markets and increased activity by investors, it is easy to see why there is money to be made in selling real estate.**

Many long-standing real estate businesses know that a successful operation that can survive both boom and bust requires the leaders within that business to focus on more than sales. Productivity is also key. An analysis of two recent reports on productivity shows that by better managing people, business and property, businesses can increase their productivity and also their competitiveness in the sector.

Current favourable market conditions, particularly on the eastern seaboard states, are resulting in increasing sales volumes and rising revenues for many real estate businesses. The Macquarie Bank's *2014 Residential Real Estate Benchmarking Report*, released earlier this year, found that eight in ten agencies saw gross revenue increase over the twelve months to February 2014. There has been a strong correlation between profit and revenue growth suggesting higher profits have been largely driven by the increase in sales volumes and rent

roll. However, there is little evidence that agencies have been improving their efficiency and productivity.

Productivity is defined as a measure of the output generated per unit of input and is seen as a clear indicator of a business' competitiveness. Simply put, businesses that are more productive are generally more competitive.

In late July this year, the Business Council of Australia (BCA) launched a paper that recommends a radical rethink of how Australia understands its economy and plans for wealth creation. The BCA's paper *Building Australia's Comparative Advantages* was supported by a report from international consulting firm McKinsey's, entitled *Compete to Prosper: Improving Australia's global competitiveness*. Both reports stress that Australia cannot continue to rely on factors that have been driving its growth over the past two decades and now must focus on the specific requirements of each sector of our economy to maximise their comparative advantages.

» *article continues*



The McKinsey report found that the competitiveness of Australian real estate services is behind the US and has declined markedly since 2005.

Real estate services alongside with finance, utilities, construction, professional services and logistics were identified by McKinsey's as industries that have not been highly traded despite having a direct impact on trade-exposed sectors. The McKinsey report notes that these types of businesses, including real estate, can maximise Australia's trading potential by offering efficient, competitive goods and services that are aligned in cost and quality to the requirements of the industries they support.

Based on McKinsey's analysis of current competitiveness – statistics on industry Gross Value Add (GVA), employment and exports – BCA has identified the removal of all barriers to lowering costs and facilitating transitions.

On a micro level, Macquarie's analysis identified three key areas where real estate agencies can stand out:

- **Business management:** by developing a strong value proposition and streamlined processes, high-performing businesses build a foundation for sustainable success.
- **People management:** by understanding and nurturing the key competencies the business needs to succeed, they create a high-performance culture and increase competitiveness without being forced to compete for skilled staff in a tight marketplace.
- **Property management:** by building the property management side of their businesses, they not only create a sustainable income stream, but also increase profitability, reduce risk and fuel further sales growth in low volume sales markets.

Macquarie suggests that by focusing on efficiency and productivity, businesses can help protect themselves against the impact of downturns in the future. High performers have a strong focus on business management regardless of the market and see an increase in profit margin far higher than other businesses. With less than one in three agencies attributing higher profits to improved efficiency there is definitely scope for improving the bottom line.

# HOME SOLD WITHOUT THE OWNER'S KNOWLEDGE.

## COULD THIS HAPPEN TO YOU?



*Stephanie Lynch from law firm, Meyer Vandenberg*

You may already be aware of the story about the unfortunate property fraud suffered by a Canberra property owner whose home was sold without her knowledge. The following are some of the facts that may give context to what has appeared in the media and how it may affect you. Ultimately, you need to consider whether you have an appropriate due diligence framework in place when acting for sellers or managing properties to prevent this from happening.

### What happened?

A fraudster managed to sell a home in a Canberra suburb without the owner's knowledge, pocketing the sale proceeds. The story generated significant media interest with the story appearing on Channel 7's Sunrise and 2GB radio

### Surely they can get the house back?

Unfortunately not. On the basis that the innocent buyer is now the registered owner of the property, the buyer has what is called **indefeasible title**. This is one of the founding principles of Torrens title. It exists so that people may have confidence that the Land Titles Register is conclusive as to ownership of property. Whilst the legislation provides that 'fraud' is an exception to indefeasibility, the High

Court has long held that this must be fraud on the part of, or attributable to, the person who becomes the registered owner of the property. Where the buyer is innocent of the fraud this will not apply. In this instance there is no indication that the buyer was anything other than an innocent party and as such holds the title to the property, albeit at the expense of the original owner.

### What can the unfortunate home owner do?

As the Land Titles Register is conclusive as to ownership it can result in some harsh outcomes where people suffer a loss due to the inflexibility of the application of the legislation on which it is based. This is why territories and states have a compensation scheme to compensate those who suffer a loss as a result of the operation of the register. In the ACT the *Land Titles Act 1925* contains provisions which entitle the deprived owner to seek compensation, but these provisions are not straightforward. Subject to the original landowner complying with the requirements of the legislation, they will have the right to bring an action against the Territory claiming damages. As it is a claim for damages it may be open to the Territory to claim contributory negligence, depending on the particular facts involved.

### What are the implications for real estate agents?

The manner in which property transactions are executed is now likely to come under the spotlight for agents and lawyers particularly when it comes to identifying the parties involved. In Canberra the Office of Regulatory Services have issued a fact sheet which urges businesses to have a due diligence framework in place to alert them to improper activity or conduct. In other countries professionals involved in property transactions are required by legislation to undertake the equivalent of 100 point ID checks. Whilst it is not known whether this would have prevented this fraud, it may be the case that such an obligation may be imposed on Australian property professionals in the future. When e-conveyancing comes in, lawyers will be required to undertake such ID checks however e-conveyancing is not being implemented in all states and territories in Australia at this stage. These sorts of matters can be very high profile and generate media interest so agents who are also victims of the fraud can suffer adverse publicity. Agents should therefore ensure that they have appropriate procedures in place to prevent fraud generally.



# Reducing the risk of **Cyber Crime**

Sam Small explains how Real Estate agencies are becoming an increasingly attractive target for cyber crime.

Cyber attackers are now targeting small business, with Real Estate agencies emerging as a prime target.

A typical agency holds high quantities of sensitive data including payment details of their clients and vendor information, much of which is now also being stored on mobiles and online. This leaves Real Estate agencies vulnerable to attack.

A common misconception is that cyber hackers only target banks and large multinationals with a lot to lose. The reality is that hactivists play off this somewhat blasé attitude and target even small Real Estate firms who believe their I.T. software and firewalls are sophisticated enough to protect their data.

Yet, cyber crime continues to become more sophisticated by the day. According to Stephen Hughes from law firm Carter Newell, "Hackers are increasingly using 'passive malware' that lays dormant until the computer logs on to a bank or financial file sites, and then it downloads and transmits keystrokes. This provides criminals with password and security data

that they can use to illegally access the same sites, stealing the financial details and sensitive information contained within them."

It was confirmed by WA Consumer Protection in May 2014 that fraudsters gained access to the computer systems of a Broome Real Estate agency after a compromised email installed malicious software. The bank account details of one of the agency's clients were re-directed to another account and then changed back in the hope the transactions would be missed. The criminals walked away with \$50,000 simply by sending an email.

This attack was just 1 of 3 recent Real Estate hacks which has driven reaction from a risk management perspective.

Cyber and network security exposures are no longer an emerging risk. The threat is here and now. All Real Estate agents serious about protecting their data, brand and finances should speak to their broker about mitigating this risk.



Still not convinced  
cyber crime is a  
real risk to the Real  
Estate industry?

Visit our website  
for 5 practical tips  
to preventing the  
likelihood of a  
cyber-attack  
**[aon.com.au/  
cyberchecklist](http://aon.com.au/cyberchecklist)**

"Reported incidents of cyber crime against small business are on the increase. Larger companies are taking the threat very seriously and have the capital to invest in sophisticated software. Consequently, cyber criminals are now turning their attentions to smaller businesses including the Real Estate industry. If you have concerns about protecting your business from cyber crime, Aon offers a number of solutions that we would be happy to discuss with you."

*Melinda O'Connor, Aon National Real Estate Facility Manager.*

Contact Aon's Real Estate Team:

**1300 734 274**

w: [aon.com.au/reia](http://aon.com.au/reia) e: [au.realestate@aon.com](mailto:au.realestate@aon.com)



## CLOUD 101 FOR REAL ESTATE



### **Will Irving**

GROUP MANAGING DIRECTOR  
OF TELSTRA BUSINESS

Business interest in cloud computing has grown significantly over the last few years. This is likely to continue to increase as businesses focus on keeping costs under control and gain a better understanding of the benefits cloud computing may have for them. Moving to the cloud or switching software or service providers can be a major decision for many businesses, so it's important that your business has a clear idea of the objectives for switching to ensure the switch is successful.

Below we've listed the reasons why you may want to consider implementing a cloud service in your agency, and what you'll need to be aware of if you do.

### **WHY IT'S GREAT FOR BUSINESS**

**It can increase productivity.** If your computing takes place in the cloud, your employees can use the internet to access the business systems they need when they are on the go through laptop computers, tablets or smart phones. This is good news for those in the real estate industry, as

employees can communicate and share files while showing a client through a property, or work remotely from an inspection.

**Cloud computing can allow smaller agencies to act like big ones.** Many are capitalising on the benefits of cloud computing by outsourcing services and using technology to expand services without necessarily adding headcount. With an elastic supply of processing power at their disposal, small agencies can use big data to road test new ideas.

**Cloud can reduce capital spending.** Ongoing IT maintenance costs are likely to be less as the cloud provider takes over maintenance, upgrades and security.

**Cloud can help reduce ongoing costs.** Cloud providers spread the expense of infrastructure and technical specialists across many customers. IT maintenance costs are likely to be less as the cloud provider takes over maintenance, upgrades and security.

### **WHAT TO WATCH OUT FOR**

**Proceed cautiously.** Take it slowly. A cautious move to the cloud could take longer than expected but the outcome is likely to be better for your business.

**The quality of the internet connection is crucial.** Given data is transported to and from the cloud via the internet, intermittent or slow access will slow processing times. Many software suppliers have taken this into account and allow for local processing and back-up but this can't be assumed.

**Your IT staff may need some convincing.** Some may feel threatened by a move to the cloud. An alternative view is many

employees are already using internet storage that the IT department does not control. An enterprise shift means IT can work with business on the optimum cloud solution.

**Choice.** Do not make your decision on your preferred service provider based on cost. A large, reputable service provider may cost more but can provide you the level of service you require and it can help mitigate some of the risks.

**The location of your supplier is important.** There are important security and privacy issues to be considered in the cloud and legislative requirements differ depending on whether your cloud supplier is Australian based or not. Recent changes to the Privacy Act mean that if an Australian business discloses personal information to a company that does not carry on business in Australia – and is therefore not subject to the Privacy Act – the Australian business will be liable for any privacy breach by the recipient.

**You need to get the right advice.** There are pertinent technical, corporate and IT governance issues as well as security and privacy considerations. It is recommended you discuss cloud computing intentions with an advisor you trust before making any big decisions.





## REI SUPER ANNOUNCES NEW INDEPENDENT CHAIRPERSON, BIDS THANK YOU TO BILL WOOLCOCK

**The Board of REI Super has announced the appointment of Claire Higgins as the incoming Independent Chairperson of Australia's industry super fund for real estate and property professionals.**



*Claire Higgins*



*Bill Woolcock*

The appointment coincides with the retirement of former REI Super Independent Chairperson Bill Woolcock after more than 20 years' service on the board of REI Super.

With a career as a real estate agent spanning almost 50 years, Mr Woolcock is also a Life Member of the Real Estate Institute of Tasmania, Fellow of the Real Estate Institute of Australia, former National President of the Real Estate Institute of Australia, former, President of the Real Estate Institute of Tasmania and former Managing Director of Woolcock Partners, Launceston. In addition, he has also held positions with the Board of the Cancer Council of Tasmania and is a former Chairman of the Tasmanian Institute of Sport.

Mr Woolcock said, "My time at REI Super has coincided with a period of significant growth of superannuation

in Australia. In that time, we have continued to grow, innovate and develop our service to members. It has been an absolute honour and privilege to serve the members of REI Super as Chair of the Board of Trustees in managing their superannuation investments and retirement savings."

Mal Smith, REI Super Chief Executive was full of praise when describing Mr Woolcock's contribution to REI Super.

"As Chair, Bill has led the Fund through a phase of sustained growth and strong investment performance during many years", he said. "We have worked closely together for a decade". "The Board is also delighted that after a thorough search and following a rigorous selection process, we have been able to secure the appointment of Claire Higgins to the role of Chair.

Claire has the required credentials and experience to lead the Fund forward," said Mr Smith "I am certain our members will be the beneficiaries of her extensive skills and strong background to further enhance the work we do for our members.

Ms Higgins expressed her excitement in joining REI Super, and welcomed the prospect of leading the Fund through its next phase. Ms Higgins is a professional non-executive director and amongst other positions, is currently the Chair of the Country Fire Authority (CFA) Victoria.

"I am excited to join such a highly respected Fund and a great team of talented professionals. I look forward to working with the Board and staff of the Fund to ensure the continuing success of REI Super," Ms Higgins said

# FIABCI AUSTRALIA REPORT

## **FIABCI Signs Cooperation Agreement with the World Bank Group's "Doing Business".**

On 16 June, FIABCI's World President Robyn Waters signed a significant cooperation agreement with the World Bank Group's Doing Business. For the past 14 years, this annual report has analysed and ranked several global indicators from 189 economies. FIABCI members and FIABCI Principal Members are invited to utilise the World Bank's Doing Business Annual Report for their real estate business and to also contribute by filling out the annual survey on which the report is based.

FIABCI Members are now invited to participate in the annual Doing Business Survey. Participation in the Doing Business survey will be jointly coordinated by the FIABCI Legislative & Environmental Committee and the FIABCI International Organisations Committee. These committees will organise members who have expressed an interest to participate with this

important initiative. To confirm your interest in participating with the Doing Business Survey, please send an email by **15 October 2014**, to [daniele.raynaud@raplex.it](mailto:daniele.raynaud@raplex.it).

### **Doing Business Survey Important Dates:**

The first joint web conference will take place with the two FIABCI Committees in late October. The web conference will include those who have expressed an interest in participating.

- On 17 November, a web conference will take place with the Doing Business officers.
- On 6 December, during the FIABCI December Business Meetings in Washington DC, there will be a presentation with the Doing Business officers in which they will commemorate this new agreement and present both the 2014 report and the 2015 survey.

The contribution by a FIABCI member or Principal Member with the Doing Business Annual Survey will be acknowledged with a personal certificate and a hard copy of the annual report. The individual contributor's name and the company name will also appear on the Contributor's List on the World Bank Group's Doing Business website.



*Chris McGregor*

The "Doing Business Law Library" assembles laws and regulations which impact domestic businesses in 189 economies. The goal is to provide measurable benchmarks for the best and most transparent environment to investors, developers and professionals also within the real estate industry and to encourage countries to compete, with reforms, towards more efficient regulations.

### **Why and How to Use the Doing Business Survey in the Real Estate Sector**

The use of Doing Business reports will benefit your business. Additionally, your participation in the Doing Business Survey will make a significant impact and will improve the daily global real estate business life. Doing Business is one of the most prestigious publications produced by the World Bank Group and serves as a resource not only for academics, researchers, journalists, but also for private sector actors, investors, professionals and others interested in the business climate and risk of each country.

**Chris McGregor**

PRESIDENT • FIABCI  
AUSTRALIAN CHAPTER



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# INDUSTRY UPDATE

Industry news from around Australia



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## New building and construction guidelines protect homeowners

The national launch of new procurement guidelines for the construction and building sector aims to help better protect householders from faulty materials and products and help ensure peace of mind about one of their most significant investments – their home. The Parliamentary Secretary to the Minister for Industry, Bob Baldwin, launched the Australasian Procurement and Construction Council's (APCC) guide – *Procurement of Construction Products: a guide to achieving compliance* in Canberra in September. He said the recent recall of flammable faulty electrical wiring already installed in about 40,000 homes reminded everyone of the need for faulty material to be identified early on before it made its way to the market.

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## Due diligence checklist for residential property buyers in Vic

Consumers Affairs Victoria has released a new due diligence checklist that must be provided to all potential residential property buyers in Victoria. The checklist is designed to ensure the buyer is aware of a range of issues that may affect the property they are considering and which may impose restrictions or obligations on the buyer, once they have actually purchased it. The checklist aims to help the buyer identify whether any of these issues will affect them. The questions are a starting point only and buyers may need to seek professional advice to answer some of them. From 1 October 2014, all sellers or estate agents must make this checklist available to potential buyers of homes or residential property.

Sellers or estate agents must:

- ensure copies of the due diligence checklist are available to potential buyers at any open for inspection
- include a link to this webpage ([www.consumer.vic.gov.au/duediligencechecklist](http://www.consumer.vic.gov.au/duediligencechecklist)) or include a copy on any website maintained by the estate agent or the seller (if no estate agent is acting for the seller).

To download the checklist, [click here](#).

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## New research backs negative gearing

New research released recently by the Housing Industry Association (HIA) confirms that restricting access to negative gearing for residential property would reduce investment in housing, erode housing affordability and put upward pressure on rents. It also concluded that abolishing stamp duty on conveyances should be the top priority for housing tax reform, making housing more affordable for both renters and owner-occupiers. The report also highlights that negative gearing promotes private investment in the rental market, thus stimulating economic activity and taking the pressure off social housing and the associated Government investment. Figures from the Australian Tax Office demonstrate that 74% of tax payers receiving rental income have a taxable income of less than \$80,000.

The research paper was commissioned by HIA and conducted by Independent Economics. REIA is also in the process of preparing a report that analyses the impact of negative gearing on the economy.

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## NSW Fair Trading focus on real estate compliance

NSW Fair Trading Minister Matthew Mason-Cox has issued a stern warning to real estate agents, revealing a blitz of property auctions is underway with a focus on underquoting, dummy bidding and deceptive conduct. In August, Operation Kuban was launched in the Northern Beaches to check licenses and gather intelligence on any underquoting activity, Mr Mason-Cox said. Officers attended 74 agencies, sighted the licenses or certificates of more than 450 people and reviewed the sales records of 285 properties. There was no evidence of underquoting but officers issued 21 Penalty infringement notices, totalling \$18,150.

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## Duty reductions for first home buyers: Vic

Victorian first home buyers now have some extra assistance thanks to an increase in the stamp duty concession on September 1st 2014. The Victorian Government offers eligible first home buyers a duty reduction when they purchase a new or established home. The duty reduction applies where you buy a principal place of residence valued at not more than \$600,000 and where the settlement date is on or after 1 July 2011.

Applicants for the concession must meet the eligibility requirements for the First Home Owner Grant (FHOG), however, buyers will not be entitled to the FHOG if they buy an established home and the contract date is on or after 1 July 2013. Eligibility criteria for the duty reduction for both new and established homes includes that you must reside in the property for a continuous period of 12 months commencing within 12 months of settlement.

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# MAKING NEWS

## General national news



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### Report finds overwhelming evidence linking office design with staff health and productivity

A new report from the World Green Building Council finds “overwhelming evidence” that office design significantly impacts the health, wellbeing and productivity of staff. The report finds a range of factors – from air quality and lighting, to views of nature and interior layout – can affect the health, satisfaction and job performance of office workers. The report – sponsored by Green Building Council of Australia members JLL and Lend Lease – also presents a simple toolkit that businesses can use to measure the health, wellbeing and productivity of their buildings and inform financial decision-making.

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### Latest job data points to building and construction

The latest ABS building and construction employment data sees the building and construction industry as the nation’s third largest employer.

Jobs created by the building and construction industry rose by 1.5 per cent seasonally adjusted in the August quarter, building on the positive trend over the year. The latest figures released by the ABS show that more than one million people are employed in the building and construction sector, or 1,028,500 in original terms.

Overall, industry employment is being driven by the recovery in residential

building. Across the nation, New South Wales was the stand-out performer. Industry employment growth through the year to August was up 29,000 or 10.1 per cent-the third consecutive quarter of 300,000 plus levels of building and construction employment.

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### Petition over foreign investment in agricultural lands

A petition with 3,468 signatures has been presented to the Commonwealth Government by independent Victorian Senator, John Madigan. The petition raises concerns that overinflated land sales by foreign investment have resulted in farming land becoming increasingly too expensive for the average Australian farming family to purchase. The petitioners ask the Parliament to work with the Government to

- Ensure foreign investors are not able to purchase Australian agricultural land.
- Modify the mandate of the Foreign Investment Review Board to allow foreign investors to purchase up to 25 year lease agreements for agricultural land.
- To enforce a \$15 million threshold on foreign investment of agricultural land.

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### Your Business Expo 16-17 October, Perth

The two-day expo, sponsored by Telstra will feature 50+ exhibitors and is targeted

at small businesses. The expo is designed to showcase ways small business owners can creatively improve, grow and develop their business. In conjunction with the expo is a free seminar where expert keynote speakers and solution providers will share the current thinking, the next big thing and smart ideas, helping to nurture relationships, how to create a buzz around business, and how to invest in the workforce as the WA business community enters the next phase of growth.

Entry is free if people pre-register. For more information, [click here](#).

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### Trading conditions improve: ACCI

The September quarter 2014 Survey of Investor Confidence, released this week by the Australian Chamber of Commerce and Industry, shows that trading conditions are starting to turn the corner but that positive news is taking time to filter into broader business expectations for the whole economy.

In a positive sign, the readings on actual indexes for conditions, sales and profits in their own businesses’ all showed significant improvement in the quarter, as did expectations for the quarter ahead. In another encouraging sign, businesses appear to be steadily absorbing spare capacity and thus getting closer to the point where expansion through hiring and investment will start to take place in earnest.

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# POLITICAL WATCH

Information and news from government



## WA Government land sales to raise revenue

Key parcels of valuable State Government land will be put on the market under a program of property asset sales announced recently by Premier Colin Barnett and Lands Minister Terry Redman.

Mr Barnett said the Government had identified 20 sites, including five hospital precincts, to be sold to help reduce the State's debt. Shenton Park, Kaleeya, Princess Margaret Hospital, Swan District and Woodside Maternity hospitals have all been earmarked for sale.

Other large parcels of land held by the Department of Agriculture and Food and the Public Transport Authority are on the list, as well as landmark sites such as Fremantle Police Station, East Perth Power Station and land around the Cottesloe School for the Deaf.

## New liveable apartment guidelines for NSW

NSW Minister for Planning Pru Goward recently announced new planning guidelines for apartment design in NSW. The apartment design guidelines include:

- Ensuring every new apartment has a balcony and access to well designed and functional shared open space
- Allowing no car spaces in new apartment buildings in certain council areas within 400 metres of a transport hub like a train station or light rail stop
- Greater protections from noise in surrounding areas

- More flexibility around design to suit particular sites
- Independent design experts to provide advice to councils
- Extension of the policy to include mixed used and shop-top housing
- A minimum size of 35m<sup>2</sup> for studio apartments
- New sections dealing with the adaptive reuse of buildings to apartments
- Certainty and consistency around standards

## Foreign investment inquiry extended

The House of Representatives Economics Committee has been granted an extension on its reporting deadline for its inquiry into foreign investment in residential real estate. The committee will now report by no later than 28 November 2014.

The Chair of the Committee, Ms Kelly O'Dwyer MP, said that the committee had written to the Treasurer requesting this extension due to a number of outstanding issues that are central to its deliberations in preparing a final report.

These include pending answers to questions from a number of witnesses, consultations with the States and Territories regarding their transfer of property registers and legal advice on Australia's international obligations.

The Committee was originally required to report by 10 October 2014.

## Online tax deadline looming

The Australian Tax Office (ATO) is reminding taxpayers who complete their own return to lodge online before the 31 October deadline to avoid penalties.

The ATO is encouraging people to lodge their returns online as it is the fastest and most convenient way and makes use of the free myTax or e-tax services.

MyTax has just 10 main screens to complete and is designed specifically for those with straightforward tax affairs while e-tax remains the most convenient way to lodge for people with more complex tax affairs.

Since 1 July the ATO has received almost 2 million lodgements through its free online services including 1,203,237 through e-tax and 738,971 with myTax.

To help people save time and lodge by the deadline, the ATO has now received most taxpayer information from banks, employers, government agencies, share registries and other parties which is pre-filled directly into your myTax or e-tax return.

People who chose to use a registered tax agent may be able to lodge later than the 31 October deadline.

People using a tax agent for the first time or a different tax agent to last year need to contact them before the end of the month to qualify for their lodgement dates and avoid penalties.

People worried about not being able to meet the deadline should call the ATO on 13 28 61 as soon as possible to discuss their situation.

# THE WORLD

Property news from around the world



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## Canadian homes on the up

Home sales in Canada rose nearly 2% in August from the previous month, according to statistics from The Canadian Real Estate Association (CREA). The number of home sales processed rose 1.8% on a month-over-month basis in August 2014, marking the seventh consecutive monthly increase, and the highest level for sales since January 2010.

Although activity rose in fewer than half of all local housing markets in August, the national tally was fuelled by monthly sales increases in Greater Vancouver, Calgary and Greater Toronto. Actual (not seasonally adjusted) activity in August stood 2.1% above levels reported in the same month last year. August sales were up from year-ago levels in just over half of all local markets, led by Greater Vancouver and Calgary.

Year-to-date sales activity is up 4.3% compared to the first eight months of 2013 and remains in line with the 10-year average for the period.

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## World wealth rose in 2013, especially the middle class

The Global Wealth Report, which was recently launched by Alliance, examines the financial resources of private households in more than 50 countries and shows global gross financial assets of private households grew by 9.9% in 2013, the highest rate of growth since 2003. This brought total global financial assets up to a new record level of €118 trillion.

Adjusted for population growth factors, almost half a billion people worldwide have risen to the middle-income category since 2000. Regions seeing big gains in the middle class include Latin America where the middle class has doubled since 2000, Eastern Europe where it has tripled and Asia, where it has grown seven-fold.

The top wealthiest countries, according to net per capita financial assets data, are (in order from most wealthy) Switzerland, USA, Belgium, Netherlands and Japan. Growth was driven by the exceptional stock market performance in Japan, the US and Europe: assets held as securities gained 16.5% – more than in the years immediately prior to the outbreak of the financial crisis. Not only assets experienced strong growth in 2013; debt growth (including mortgage debt) also rose. At 3.6%, debt growth was faster than in any other year since the outbreak of the crisis.

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## Dublin soars amid fears of second boom/bust

Home prices in Ireland's capital city rose at the fastest pace since records began in the 12 months to August, fuelling concerns that severe shortages of properties following the country's real estate crash are leading to a new and dangerous price boom.

House prices countrywide rose 2.3% from July and were 14.9% higher than in August 2013, the steepest increase since March 2007. In the populous Dublin region, prices climbed 25.1% on the year, marking the largest annual increase since the statistics office started collecting

house price data over 10 years ago.

Ireland's economy grew rapidly in the first six months of the year with a 7.7% year-to-year rise in gross domestic product during the second quarter. But unemployment rates remain high and wages have yet to pick up. That has led to concerns that the surge in house prices isn't sustainable.

Ireland's new price boom appears a paradox because the huge number of housing units built during the boom years that were fuelled by now dismantled tax incentives were widely blamed for the country's debt crisis when the property bubble burst. Many building companies and property developers went bust and the banking system appears to be still too fragile to help finance the construction of new homes where they are most needed, in the capital. Ireland's housing crash was among the steepest in the world, and left prices of many properties 60% below their early 2007 peak.

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## UK prices to fall

Britain's house prices are set to fall in 2015, the first time in four years as the prospect of higher interest rates quells demands, according to the Centre for Economics and Business Research. The forecast underscores signs of a slowing in Britain's housing market after record low borrowing costs and improved confidence propelled prices to an all-time high. Values in September declined for the first time in almost 18 months.

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