REIANEWS

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AUSTRALASIAN
REAL ESTATE INSTITUTES'
AUCTIONEERING CHAMPIONSHIPS 2015

ALSO IN THIS ISSUE

Mr Neville Sanders
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

This month, has seen the release of the latest editions of the Adelaide Bank /REIA Housing Affordability Report (HAR) and the REIA Real Estate Market Facts (REMF Report). These two reports provide a comprehensive update for the sector using the latest data.

According to the HAR report, there has been an improvement in overall housing affordability over the June Quarter with the positive development seen in seven out of eight Australian States and Territories. Declining interest rates and rising income contributed to the improvement while average monthly loan repayments increased marginally.

In May, the Real Estate Institute of Australia welcomed a 25 basis points interest rate cut and we are pleased to see the impact of the Reserve Bank of Australia's decision on housing affordability. Further, with inflation data showing well-contained inflationary pressure we expect Australian home owners to continue to enjoy a low interest rate environment for some time and we certainly would like to see more first home buyers entering the market.

The June quarter also brought good news for renters with rental affordability improving with the proportion of the median family income required to meet median rents going down to 25.0%.

According to the REMF report the residential property market recorded another strong quarter with good price gains recorded.

The report shows the weighted average capital city median price increased by 4.2% for houses and 3.3% for other dwellings in the June quarter. The weighted average median house price for the eight capital cities is now $682,840 while the median price for other dwellings is $532,544.

The median house price in Sydney has reached the $1 million mark as a result of solid investor activity in the city. The figure for Melbourne has reached the $700,000 mark. Growth in these two cities was largely behind the 10.8% annual median house price increase. Some capital cities, however, saw decreases in the median dwelling price. It is important to bear in mind that while property is strong in many cities, the growth in prices is certainly not uniform across Australia.

The June quarter showed strong growth in credit to investors. During the quarter, the value of housing finance commitments from investors well exceeded the value of owner occupier housing finance commitments excluding refinancing. As a result of increasing activity, vacancy rates increased in most capital cities, easing pressure on rents.

Mr Neville Sanders
REIA PRESIDENT

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AUSTRALASIAN REAL ESTATE INSTITUTES' AUCTIONEERING CHAMPIONSHIPS 2015

Australasian Real Estate Institutes' Auctioneering Championships

AUSTRALASIAN AUCTIONEERING CHAMPION ANNOUNCED

Auctioneers from Australia and New Zealand gathered in Melbourne earlier this month to compete in the Australasian Real Estate Institutes' Auctioneering Championships – the premier auctioneering event in the region.

After a few days of tough competition, the Australasian Auctioneering Champion for 2015 was announced. The championships, this year hosted by the Real Estate Institute of Victoria, was a hotly contested event with all contestants delivering outstanding auctions, but, it was Harry Li from Victoria who was declared the 2015, Australasian Auctioneering Champion.

Mr Li, from McDonald Real Estate in Springvale, beat a field of 16 competitors and won the title back for Australia after four consecutive wins by New Zealand.

REIV CEO Enzo Raimondo praised the competitors who travelled from as far afield as the Northern Territory, Western Australia and New Zealand to compete.

WINNER Harry Li

'The standard of this year's competition was particularly high and Harry's win is a coup for both Australia and Victoria,' said Mr Raimondo. 'It's the first time in 10 years that a Victorian has won the coveted title.'

Mr Raimondo said Mr Li impressed the judges with his professionalism, style and knowledge of best practice auctioneering techniques.

» *article continues*

AUCTIONEERING CHAMPIONSHIPS 2015

» *continued*

In congratulating Mr Li, the finalists and all of the contestants, REIA President Neville Sanders said: 'REIA strongly believes in the value of auctions as they provide sellers with an important alternative method of sale to private treaty sales. These championships encourage professionalism and skill in the art of conducting an auction. It is great to see such strong competition, which inspires auctioneers to excel in their profession.'

The championships are an annual event and are open to the public. They provide an opportunity to see the best auctioneers in action, being tested on their knowledge of best practice and legislation, as well as on their performance in a simulated auction situation that includes complex bidding sequences and testing questions. The competition is judged by veteran auctioneers and contestants are scored on everything from presentation and preamble, the handling of bids, the manner in which they knock down and close the auction and everything in between. Marks are deducted for any errors in fact or for any aspect of legislative compliance that may have been overlooked.

REIA would like to congratulate the winner, Harry Li, and also the finalists:

- John Bowring – New Zealand (REINZ)
- Damien Cooley – NSW
- Andrew North – New Zealand (REINZ)
- Edward Riley – NSW

FINALISTS *Left to right, Andrew North , Harry Li, Edward Riley, Damien Cooley and John Bowring*

This article is brought to you by REIA Acting Chief Executive Officer, Jock Kreitals
Jock can be contacted at jock.kreitals@reia.com.au

MONEY LAUNDERING AND REAL ESTATE

AUSTRAC, which is Australia's primary source of financial intelligence, has identified real estate amongst other high-value goods to be a significant money laundering channel in Australia. They say, in a strategic analysis brief, that the use of real estate is an established method of money laundering internationally. Real estate is used as a way of laundering or concealing illicit funds.

Money laundering through real estate – both residential and commercial – can be relatively uncomplicated, requiring little planning or expertise. Large sums of illicit funds can be concealed and integrated into the legitimate economy through real estate.

Criminals are drawn to real estate investment in Australia because it is possible to purchase in cash, it offers reliable financial returns and it is possible to disguise ownership. Methods of laundering money include mixing illicit funds with loan funds, manipulating the value of properties, use of third parties to present as the official owner, purchasing properties to facilitate criminal activity, generating rental income to seem legitimate and using front companies and trusts to hide the identity of ownership. Some may use professional facilitators such as lawyers to help them by conducting transactions on their behalf, establishing trusts and other structures to hide identity, recovering fictitious debts and making payments through lawyer's trust accounts.

Examples are given as: the Australian Federal Police restraining residential property valued at A$5 million as part of an investigation in March 2013, and; A$8.1 million in property restrained as part of Project Wickenby in 2012.

Currently real estate agents in Australia are not subject to the provisions of the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF Act) though there are provisions for real estate in other countries such as New Zealand, the United Kingdom, Canada and Indonesia.

In Australia financial institutions are subject to the AMLC/CTF Act and are required to report any suspicious transactions.

As real estate transactions usually involve a financial institution – as loans, deposits or withdrawals – and as financial institutions are regulated, authorities are currently provided with some, but far from complete, visibility of potential money laundering through real estate.

In 2014 the Financial Action Task Force (FATF) – an independent international governmental body that develops and promotes policies to protect the global financial system against money laundering and terrorist financing – undertook a periodic risk assessment of Australia. In their report, earlier this year, they identified real estate agents, lawyers and accountants as being of high money laundering risk in Australia.

It is against this background that REIA has met with AUSTRAC to discuss the latest evaluation of money laundering in Australia by FATF and its implications for the real estate profession. AUSTRAC has also commenced discussions with the legal and accounting professions. Whilst AUSTRAC will be proceeding with addressing money laundering through real estate, lawyers and accountants, it assured the REIA that it will not take the same approach as for financial institutions and does not want to impose an unnecessary regulatory burden on agents. It will work in consultation with REIA in developing an approach for the sector based on risk profile.

REIA News will report further developments.

» *See also article in World News (page 25), 'Britain to clamp down on money laundering through property'.*

This article is brought to you by Fons Caminiti Senior Manager, Broker Distribution, Adelaide Bank

> *As a responsible lender, Adelaide Bank pays close attention to how we lend to our customers. We are committed to helping them get into the market but are of course obligated to ensure financial hardship does not ensue. We take compliance seriously, working closely with Australian Prudential Regulation Authority (APRA) to ensure responsible lending requirements are met.*

With strong property price growth across parts of Australia (including Sydney and Melbourne), higher household indebtedness and historically low interest rates, APRA has increased the level of supervisory action on residential lending practices. APRA warns there is a danger to being 'highly mortgaged' in this environment and if interest rates rise over the next 18 months there is a likelihood of 'payment shock' to borrowers. One area of concern is High Loan to Value Ratio (LVR) lending – lending above 80 per cent LVR. Virtually all mortgages above 80 percent LVR require mortgage insurance (paid by the borrower to protect the lender against loss). High LVR borrowers tend to have a higher proportion of their incomes devoted to debt servicing and are more vulnerable to interest rate rises.

Whilst we are certainly monitoring the proportion of high LVR and investment lending on our books, Adelaide Bank recognises high LVR lending can present opportunities and, in some cases, can be a fully-justified arrangement. For example, many first home buyers struggle to keep up with rising house prices when saving for a deposit. High LVR arrangements allow them to break into the market, get into their homes sooner and stop renting. These arrangements may also suit investors who don't want to use as much of their own capital to fund the purchase.

In these cases, the emphasis is on working with our customers and regulators to ensure responsible lending requirements are met, minimising borrower risk and helping our customers reach their goals. We test loan affordability carefully, ensuring new borrowers are not overcommitting and can service their loans with higher interest rates without undue hardship.

Adelaide Bank strives to make it easier for first home buyers in these undoubtedly difficult times. Damian Percy, General Manager, says "Adelaide Bank's continuing and widely recognised contribution to improving house affordability is to keep the cost of lending as low as we can and provide great service through our growing network of mortgage brokers." Our knowledgeable mortgage brokers are committed to providing a personalised service and educating our customers throughout the home loan process.

We are committed to providing home loan products with flexible features to help our customers pay off their home loans faster. High LVR borrowers are particularly vulnerable to negative equity in their homes when economic and property cycles fluctuate and should consider which features can help them pay off their loan faster. Options include our 100 percent offset account and the ability to make additional repayments without penalty, potentially taking years off a customer's home loan and saving them thousands of dollars in interest.

» *article continues*

To manage interest rate risk, customers could talk to their broker about our SmartFix fully featured fixed rate home loan and have the peace of mind of knowing their repayments won't change over the fixed period. Features include our 100 percent offset account and free electronic redraw (both rare for a fixed rate product) and the ability to make additional repayments of up to $20,000 per annum without penalty. So it comes as little surprise that Adelaide Bank has received a 5 star CANSTAR Award Rating in the "Outstanding Value – Home Loans" category for this product.

At Adelaide Bank, we pride ourselves on our personalised approach to home lending. We strive to build strong relationships with our customers because buying a house is one of the biggest decisions people will make – we want to make the journey as easy and enjoyable as possible. Our commitment to responsible lending practices combined with our dedication to making it easier for our customers to not only break into the market, but 'get ahead', reflects our customer connected mantra.

In cases where high LVR arrangements are suitable, there are steps borrowers can take to protect themselves:

- Mortgage insurance is proportional to the percentage borrowed, so borrowers should save as much as possible for their deposit to reduce this additional outlay.
- Another reason to save as much as possible for a deposit is because the less they borrow, the less they will need to pay back in the future.
- Borrowers should speak to their brokers to get as much information as possible before finally committing to a home loan.
- When comparing home loans, borrowers should consider which features will enable them to pay off their home loan sooner, such as 100 percent offset accounts and additional repayments without penalty.
- Borrowers should also be aware of the dangers of being 'highly mortgaged' in a low interest rate environment and work out a realistic budget that factors in potential interest rate rises.
- They should also steadily build a 'buffer' to prepare for unexpected changes in their circumstances.

DISCLAIMER

» *This article doesn't take into account your personal objectives, financial situation or needs. Before making an investment decision, it is important that you consider whether or not the product is appropriate for you. Visit adelaidebank.com.au for more information.*

REIA PUBLICATIONS

REIA has published property market data and analysis for several decades. It has an excellent reputation as a highly credible source of information and considered opinion on the residential and commercial property markets in Australia.

REIA publications use information collated from a wide variety of sources including real estate agencies, industry and government. Both raw data and analysis are published in REIA reports.

The Adelaide Bank/REIA Housing Affordability Report and the REIA Real Estate Market Facts may be purchased as single copies or by subscription. For more about the Adelaide Bank/ REIA Housing Affordability Report, click here. For more about the REIA Real Estate Market Facts publication, click here.

Also, "datacube" spreadsheets provide key information on quarterly median values, dating from the beginning of REIA data collection through to the current quarter, for all capital cities where data is available. For more information on REIA datacubes, please call 02 6282 4277.

This article is brought to you by REIA Acting Chief Executive Officer, Jock Kreitals
Jock can be contacted at jock.kreitals@reia.com.au

HOME OWNERSHIP AS A WAY TO A DIGNIFIED RETIREMENT

The Committee for Economic Development of Australia (CEDA) has released a report entitled *The Super Challenge of Retirement Income Policy* which examines the economic impacts of Australia's ageing population and decreasing housing affordability. It calls for an overhaul of retirement policy including giving first home buyers access to superannuation funds to purchase owner-occupied housing – something which has been a long standing policy of the REIA.

CEDA say that home ownership is a growing retirement issue. Renters not only have no owner-occupied housing wealth, but they also have considerably lower holdings of other forms of wealth. In younger households, the net wealth of owners is around double that of renters. In older households, the net wealth of owners is around six times higher than that of renters.

The report details that for more than 30 years, there have been significant reductions in home ownership rates among successive cohorts of younger households. Further, home ownership rates in the future are unlikely to fully recover from their current 30+ year lows. As the number of renters increases, a growing share will end up in the private rental market with its escalating costs. Currently, the share of low economic resource (LER) older households in the private rental market is just less than 40 per cent. If there is no increase in the amount of public housing available for older people, the share could increase to almost 70 per cent. If the proportion of older people living independently as renters remains the same as it has for the past 40 years, then the numbers of older renters will also more than double – from around 300,000 households in 2014 to more than 600,000 in 2054. Presuming the proportion of older LER households remains the same, most of these older renters will be income and asset-poor.

It is against this scenario that the report makes a number of recommendations that are aimed at ensuring a prosperous and dignified retirement for all Australians. These include recognising that the family home is a key component of the retirement income system and retirement liveability. People who do not own homes are exposed to the high-cost rental market and risk poverty in retirement. CEDA calls on government to recognise the role of housing in poverty alleviation and in contributing to the objectives of providing for a decent retirement allow first home buyers to access superannuation funds to purchase owner-occupied housing.

This article is brought to you by
Enzo Raimondo, REIV

STATE OF THE MARKET REIV

Melbourne's housing market remains strong, breaking several records in the three months to June 30. The city's median house price surpassed the $700,000 price bracket for the first time in the June quarter, reaching $706,000 – a 5.2 per cent increase on the March quarter median price of $671,000. Growth was widespread across the city, with the highest rise in inner Melbourne which recorded a 6.2 per cent increase to a record median house price of $1,239,500.

House prices in Melbourne's middle ring were up 5.1 per cent to a June median of $827,500 while the city's outer suburbs rose 5 per cent to $525,500.

Much of the growth in middle Melbourne was in Melbourne's east and north-east, with Templestowe and Glen Waverley recording the highest quarterly median price increase, up by 17.9 and 17.8 per cent respectively. Balwyn North was close behind with its $2 million median house price up 17 per cent on March.

Mooroolbark in Melbourne's outer north east also saw significant quarterly growth of 15.5 per cent.

Ten Melbourne suburbs entered the million dollar club for the first time ever in the June quarter, bringing the total number of million dollar suburbs to 78.

These included Heidelberg, Bulleen, Ashwood, Donvale, Doncaster East, Abbotsford, Vermont South, Hughesdale, Templestowe Lower and Blackburn North – all recording medians of $1 million or higher for the first time in the three months to June 30. An additional seven suburbs – Portsea, Eaglemont, Caulfield, Murrumbeena, Strathmore and Warrandyte – also returned to the million dollar list in the latest quarter.

With the exception of Abbotsford, all first-time entrants are located in Melbourne's middle ring suggesting that many of these new suburbs are benefitting from the ripple effect. Buyers priced out of neighbouring areas, in particular inner Melbourne, are now looking further out which is pushing up prices in middle and outer suburbs.

Toorak retained its title of Melbourne's most expensive suburb with a median house price of $3.4 million, up 3 per cent over March. House prices in Camberwell increased 12.7 per cent over the quarter to a median of $2,114,000 – the second highest in Melbourne. Balwyn ($2,114,000), Balwyn North ($2,000,000), Brighton ($1,860,000), Kew ($1,860,000), Glen Iris ($1,842,500), Brighton East ($1,600,888), Malvern East ($1,599,000) and Mount Waverley ($1,331,500) round out the city's 10 most expensive suburbs.

Apartment prices also increased across the city with the $520,000 median up 1.5 per cent on March and 4.1 per cent in the 12 months to June 30. Suburbs showing strong apartment price growth across the quarter included West Melbourne with a 19.6 per cent increase, Clayton, up 18.7 per cent, Glen Huntley and Highett, 17.9 per cent, and Bentleigh East, up 17.5 per cent.

The first half of 2015 also recorded the highest auction sales of any six-month period in the state's history with just over 13,000 homes sold at auction. This was up from about 12,400 for the same period last year. Outer Melbourne was the big growth driver, with these suburbs seeing a 20 per cent year-on-year increase – to 2,263 auction sales this year from 1,879 for the same period in 2014. Outer Melbourne suburb Wantirna South saw a 100 per cent increase in the number of auctions held this year to 72, up from 36 for the same period in 2014. For the second successive year Reservoir was the state's auction capital while the most homes went to auction in Richmond – 230 with 186 selling.

The 10 most affordable suburbs for the quarter were predominately in Melbourne's outer ring. Top of the list was Werribee, where house prices fell 1.7 per cent to a median of $309,500. This was followed by Hoppers Crossing, Wyndham Vale, Cranbourne, Carrum Downs, Pakenham, Truganina, Deer Park, Cranbourne North and Craigieburn.

REIA

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This article is brought to you by
David Bannerman, Bannermans Lawyers

ASBESTOS LAWS
WHAT IS A PROPERTY OWNER TO DO?

Property owners continue to struggle with this issue. The relevant laws are mostly state laws, but are largely uniform across Australia. We have listed them in what we consider descending order of importance to property owners:

- ***Negligence***
  The laws of negligence are broadly the same throughout Australia. In our view, this is the greatest concern for property owners. Without the benefit of hindsight, it can be very difficult to establish what is required and getting that wrong can result in substantial claims against property owners and their agents. We have seen situations in a strata context (but it could just as easily occur in other contexts) where a managing agent has engaged a contractor to carry out a straightforward task such as repairing a "sticking" door, the door has contained an asbestos material and the resulting contamination has precluded occupation of apartments for an extended time. The owners corporation and its agent are then exposed to substantial claims by affected apartment owners and a massive cleanup cost, in circumstances where the owners corporation is unlikely to be able to recover from insurance or the contractor.

- ***Work health and safety laws***
  Model uniform legislation has been adopted by the Commonwealth and most states, resulting in relatively uniform work health and safety laws across Australia, with the exception of Victoria and Western Australia, although those states impose similar requirements in relation to asbestos. Property owners and their agents considered to be "conducting a business or undertaking" (or management or control of a workplace in Victoria or Western Australia) need to comply with legislation imposing various duties, including maintenance of an asbestos register and asbestos management plan. Generally, this will not apply to owner occupiers of detached dwellings or owners corporations of residential strata schemes, but those exclusions are not universal and do not benefit agents. Where these requirements are not met, substantial penalties can be imposed.

- ***Strata management laws***
  The strata management legislation in all states requires a strata owners corporation to maintain the common property, although specific requirements differ from state to state. These are less likely to be an issue for property owners, as they apply to the owners corporation, rather than apartment owners, because they impose less onerous obligations and because they are less likely to result in compensation claims.

- ***Building code and planning laws***
  Planning laws are largely state specific, but laws relevant to asbestos are largely concerned with compliance with the Building Code of Australia, which is national and results in relatively uniform requirements across Australia. These are also less likely to be an issue for property owners, as they deal largely with works.

» *article continues*

Precautions which property owners can take, to maximise the safety of their property and to reduce the risk of claims and loss of use of the property, include:

- Assume that asbestos may be present. Asbestos was until relatively recently in a wide variety of building materials and fire retardant products. It can be difficult to determine whether asbestos materials are present, without engaging an expert consultant. Records may no longer be held, if they were ever held, in relation to asbestos materials used in the construction of the building. Products may no longer have identification tags or they may have been painted over.
- It is always a good idea, whether or not legally required, to engage a consultant to prepare an asbestos register and management plan, so that contractors and owners are aware of asbestos present in the property. It can be very difficult to safely occupy and operate the property and to avoid claims without them.
- When engaging a contractor, ensure that the contractor is aware of any asbestos present and any other relevant site risks, holds any requisite licence and is competent to work with asbestos and familiar with the requirements of the legislation.
- Strata owners corporations may need to go further and pass motions implementing works programs and other measures, depending on the advice which they have received.
- Selling agents, letting agents and strata managing agents all have exposure in relation to these issues and should review their agency agreements to ensure that they appropriately address these issues. Apart from the fact that the client's property can be a workplace for the agent's staff, an agent (especially a strata managing agent) can be conducting a business or undertaking on the client's property and hence be in the anomalous position of having obligations which are not shared by the client and which the client is unwilling to address.

These issues are much more easily addressed proactively, rather than after problems have arisen and property owners and their agents should consider obtaining appropriate advice about how to go about this.

INDUSTRY ARTICLE

This article is brought to you by General Manager, Sales and Marketing, Rockend, Justin Melton

THE CHARACTERISTICS OF A SUCCESSFUL PROPERTY MANAGER

rockend
The leader in property software

A highly skilled property manager can have a profound impact on your business. When hiring in the property management profession, experience is often favoured over other qualities such as time management or communication, but given the nature of the role, hiring based on skill and personality traits can be far more successful for your business. Here are five key skills successful property managers possess and continually develop over the span of their career.

1. ***Communication Skills***

   The role of a property manager requires excellent communication skills both internally within the business and externally when managing clients. Conflicts with clients and tenants will arise from time to time, so it is important that a property manager can negotiate and resolve the issue in a timely manner. Keeping the lines of communication open between clients and tenants will help to build rapport, things like answering the phone, responding to emails and returning messages in a timely manner.

2. ***Time Management Skills***

   Property Managers need to juggle a variety of different tasks each day and at times this can be stressful and overwhelming. Time management is one of the most important traits of successful property managers. Prioritising tasks, completing to-do lists and managing client expectations will all make for a successful career.

3. ***Customer Service***

   Clients are at the core of the property management profession, so it is crucial that all client interactions are dealt with in a professional manner. Having a sound knowledge of the industry, new and changing legislations and financial intricacies will help you to provide excellent customer service.

4. ***Conflict Resolution***

   Property Managers can often face complicated and problematic situations. A successful property manager has the ability to handle difficult situations and find a suitable outcome which satisfies both parties involved. This requires initiative, flexibility and a can-do attitude.

5. ***Use of technology***

   Without the backing of a feature rich and reliable software system, it can be a hugely challenging to task to manage your portfolio. The right technology will help to streamline your operations, eliminate mundane tasks and save you time. A successful property manager will look for technology which can help them grow their business and increase their bottom line.

These are some of the key qualities to look for when hiring in property management. Building proficiencies in these areas with your immediate property management team can have long lasting effects on your business.

An interview with the Chairman of the Crowd Funding Institute of Australia, Matthew Pinter

CROWD FUNDING CAPITAL AND THE AUSTRALIAN PROPERTY MARKET

At a time where first home ownership is becoming more out of reach for the typical family, some are asking if property crowd funding will provide an entry point for people looking to gain access to the market.

Crowd funding has received a lot of hype and media attention so it's reasonable to approach it with some caution. Is property crowd funding window dressing or does it have the potential to disrupt how investors enter the property market? We asked Matthew Pinter, Chairman of the Crowd Funding Institute of Australia to find out more.

'It's at tipping point internationally where crowd funding has matured and should really be considered as an alternate funding choice and not something new. Property is just one example of how projects and businesses are using the internet to engage with customers and backers to deliver innovative outcomes.'

So coming back to the Australian experience, how do you see the Australian market adopting this alternate funding choice?

Pinter says that property crowd funding can be traced to the 70's where publicly traded Real Estate Investment Trusts (REITs) were developed.

'In the 80's institutional money was increasingly directed towards property transactions. Through the 80's and 90's, REITs grew and commercial mortgage backed securities were created. The GFC showed that we had unsustainable financial products and that opened up demand for crowd funding on platforms such as Kickstarter, Pozible and Chuffed.'

Locally it seems there have been a number platforms established to take advantage of the opportunity. Whilst these are early signs, are we really seeing something new?

Pinter says, 'I think these sites are offering something new, however most are utilising a pre-existing structure like contributory mortgages with ASIC relief or a full retail Australian Financial Services Licence. It's a lot of overhead, however the policy support for crowd funding property isn't there yet. It's possible that some groups will use the equity crowd funding rules set for conclusion in spring parliament, however there are a lot of moving parts'.

Pinter didn't want to discuss the finer points, however he did note that taxation exemptions, negative gearing and secondary markets are areas an investor should seek advice on before proceeding with any investment.

Given the risk and the new nature of crowd funding, what motivates someone to invest in this way?

Pinter explained that platforms argue that crowd funding property offers early entry into the market by way of an investment of as little as $2,000, with a quick exit via a secondary market at a low cost, (rather than the usual time frame it takes to sell a property). The platforms also say that crowd funding property could offer new options, not previously available to those who are not eligible as 'exempt investors' whist providing low risk due to the absence of gearing.

So if crowd funded property is on its way, based on offshore experience what type of impact should we expect?

'Property Crowd funding is already significant – Chinese property giant Dalian Wanda group closed a campaign in June for over a billion Australian dollars. The North American market is on the same scale. It's going to happen, the question is how to best facilitate it so that everyday Australians have more access to property and the high levels of transparency evident in other forms of crowd funding', concluded Pinter.

INDUSTRY UPDATE

Industry news from around Australia

FAST FACTS

Extracted from
Adelaide Bank/REIA Housing Affordability Report
June Quarter 2015

NSW

NSW is the only state or territory with the average loan size above the $400,000 mark.

Victoria

Of all Australian first home buyers, 28.6% are from Victoria.

Queensland

First home buyers in Queensland make up 15.0% of the owner-occupier market.

South Australia

South Australia recorded the largest quarterly decrease in the average loan size across the country.

Western Australia

Western Australia saw the largest drop in the number of new loans over the year.

Tasmania

Tasmania had the second largest annual drop in the number of first home buyers across Australia.

Northern Territory

The NT had the best improvement in housing affordability over the year.

Australian Capital Territory

The ACT remains the most affordable state or territory in which to buy a home or rent.

FAST FACTS

Extracted from
REIA Real Estate Market Facts
June Quarter 2015

Quarterly Australian weighted average median house price is $682,840

Quarterly Australian weighted average median other dwellings price is $532,544

Median house prices up:

Sydney	8.5% to $1,004,767
Melbourne	5.2% to $706,000
Brisbane	0.8% to $479,000
Adelaide	0.4% to $430,000

Median house prices down:

Perth	3.6% to $530,000
Canberra	6.6% to $540,000
Hobart	1.6% to $376,500
Darwin	2.4% to $610,000

Median other dwelling prices up:

Sydney	7.2% to $656,371
Melbourne	1.3% to $520,000
Canberra	1.2% to $425,000

Median other dwelling prices down:

Brisbane	0.8% to $390,000
Adelaide	2.7% to $315,500
Perth	4.5% to $420,000
Hobart	1.9% to $272,250
Darwin	4.0% to $480,000

Vacancy rates

Sydney	2.1%
Melbourne	2.9%
Brisbane	2.7%
Adelaide	n/a
Perth	4.7%
Hobart	2.9%
Darwin	6.9%
Canberra	3.5%

MAKING NEWS

General national news

Social housing reduces financial stress and promotes stability for tenants

The Australian Institute of Health and Welfare (AIHW) has released the National Housing Survey 2014: detailed report. The report examines the experiences of the tenants of public housing, community housing and state owned and managed Indigenous Housing (SOMIH).

'Social housing is targeted at members of our society most vulnerable to housing instability and facing difficulties accessing appropriate and affordable housing.' said AIHW spokesperson Geoff Neideck, 'New data adds to our understanding of this vulnerability finding that a third of households surveyed contain at least one member with a disability'.

The survey asked tenants to rate their satisfaction with a number of social housing services. The results showed that 73% of respondents were satisfied with the services provided by their housing organisation, which for public housing and community housing tenants was an improvement on previous years.

'Our report found that Indigenous tenants were less likely to be satisfied with their housing provider compared to non-Indigenous tenants,' Mr Neideck said. 'But the good news is that Indigenous tenants' satisfaction increased between 2012 and 2014, from 56% to 64% for public housing and from 67% to 74% for community housing.'

The survey showed that 82% of tenants considered their dwelling to be of an acceptable standard and more than 90% thought that 'being able to continue living in the area' was a huge advantage provided by social housing. The full report can be found here.

Building social cohesion in our communities

The Australian Human Rights Commission in conjunction with The Australian Centre of Excellence for Local Government (ACELG) has released Australia's first comprehensive guide for local government to help build socially cohesive communities.

The resource was developed by the Australian Human Rights Commission with assistance from ACELG under the National Anti Racism Strategy and was launched by Race Discrimination Commissioner Dr Tim Soutphommasane in Canberra earlier this year.

'This free online resource will help local government to prevent and respond to incidents of racism when they occur, address any issues that may arise between different groups, and help them to monitor and evaluate their progress,' Dr Soutphommasane said.

Australian Local Government Association President, Mayor Troy Pickard said the resource was 'very important for the sector'. 'This important comprehensive guide from the Commission makes the link between racism, intercommunity conflict and building social cohesion, and provides a useful tool for the sector to utilise.'

Building Social Cohesion in Our Communities is an interactive resource which is based around five elements of building social cohesion:

1. Get your local government ready
2. Engage the community to understand the issues
3. Build long term partnerships
4. Take place based, targeted action
5. Evaluate and share outcomes.

For more information click here.

National plan to reduce risk of asbestos

A National Plan on Asbestos Safety and Eradication has been launched and has been endorsed by state, territory and Commonwealth governments.

"As one of the biggest users of asbestos in the world until the mid-1980s, the legacy of this substance in Australia is tragic, with consequences over the coming decades still to come. We must be coordinated, measured and strategic in the way we contend with asbestos management," Minister for Employment, Senator Eric Abetz said today.

"That's why I'm so pleased to see the culmination of the Government's coordinated national approach to deliver on common goals to meet this insidious challenge."

"This plan will result in coordinated effort across the country to reduce the deadly effects of asbestos on Australians, as well as help put Australia at the forefront of global efforts to deal with the deadly substance."

Under the plan, all states and territories will work co-operatively to develop practical solutions to the problems caused by asbestos with the aim of eliminating asbestos-related disease.

Full details of the plan can be found here.

POLITICAL WATCH

Information and news from government

Renew and maintain your business name

In a press release earlier this month ASIC has reminded business owners that they need to renew their business name in order to ensure that it isn't cancelled. The reminder comes after ASIC cancelled more than 95,000 business names in the first half of 2015.

Greg Tanzer (ASIC Commissioner) said 'Renewing is a simple process and we encourage business owners to go online where they will find guidance on business name renewal fees, what the renewal period options are, how you will be notified of an upcoming renewal as well as an outline of what happens after you have renewed.'

ASIC became responsible for the Business Name Register in 2012 and claim that since doing so they have saved Australian Businesses $120.7 million in reduced fees to register and renew business names. Click here to check when your renewal is due, or, Click here to renew your business name.

Investor lending

APRA released its Quarterly Authorised Deposittaking Institution (ADI) property exposures for the June 2015 quarter. The report shows that investor loan exposures of banks were 19 per cent higher in June compared with a year earlier – this is nearly twice the banking regulators' 10 per cent annual growth limit – and compare to the growth in loans to owner occupiers of 2.5 per cent. This was reiterated by the Chair of APRA in a speech to the Australian Business Economists in Sydney when he said 'The growth in investor lending remains marginally above the 10 per cent benchmark, and may well be so for the next few months. However, there has been a moderation in the previous strong upward trajectory, and the large lenders have all indicated their intention to work below this benchmark. If it continues to grow at around 10 per cent, investor lending will still be the fastest growing of the major classes of credit for the foreseeable future, and will be growing at, in broad terms, around twice the rate of nominal GDP. A moderation in lending growth as currently envisaged should therefore not be seen as unduly restrictive: it is not placing a foot on the credit brake, but rather easing off the accelerator'.

Read APRA media release here.

Foreign investment

Legislation has been introduced into the federal parliament to implement changes to the operation of Australia's foreign investment framework. The changes are to come into effect from 1 December 2015. In introducing the legislation the Treasurer indicated that he has ordered the divestment of a six illegally-held properties under the reduced penalty period for foreign investors who come forward and self-report non-compliance before 30 November 2015.

The six key elements of the legislation are:

1. Compliance and enforcement of the foreign investment rules will be strengthened by transferring all residential real estate functions to the Australian Taxation Office between now and 1 December 2015.
2. Stricter penalties that will make it easier to pursue foreign investors that breach the rules.
3. Application fees to ensure that Australian taxpayers no longer have to fund the cost of administering the screening of foreign investment applications.
4. Increased scrutiny around foreign investment in agriculture.
5. Increased transparency on the levels of foreign ownership in Australia through a comprehensive land register.
6. A more modern and simpler foreign investment framework. The Government has agreed to a modernisation package and is currently consulting on the exposure draft legislation.

Read full details here.

Underquoting reforms

The NSW Government is introducing reforms that address underquoting in the NSW property market and provide clarity for buyers, agents and vendors. The reforms are designed to prevent properties being underquoted – that is, marketed at a price less than the agent's true estimate of the selling price. The proposed laws would also enable effective enforcement. By setting clear requirements for agents to understand and adhere to, agents will be able to be audited against the new requirements and prosecuted if they breach them.

Read full details here.

THE WORLD

Property news from around the world

Britain to clamp down on money laundering through property

British Prime Minister David Cameron has announced that his Government would be taking steps against money laundering through property in the UK. 'I am determined that the UK must not become a safe haven for corrupt money from around the world. We need to stop corrupt officials or organized criminals using anonymous shell companies to invest their ill-gotten gains in London property without being tracked down,' said Mr Cameron.

'We know that some high value properties, particularly in London, are being bought by people overseas through anonymous shell companies, some with plundered or laundered cash'. Currently there are approximately 36,000 properties in London owned by off shore firms with a total value of around £122 billion. Later this year the Government intends to publish data from the official Land Registry which will disclose names of foreign companies who own land and property in England and Wales.

Mr Cameron's comments came after allegations of a link between a former Kazakh secret police chief and a London property portfolio with an estimated value of 150 billion. Read full story here.

Miami market strong

According to data released by the Miami Association of Realtors (MAR) the Miami real estate market remains strong with June and July registering historically high numbers of transactions for single-family homes. MAR president Christopher Zoller explained, 'Miami is a global city with the second largest financial hub in the US. It continues to draw increased demand from international and domestic home buyers'. Mr Zoller also attributes Miami's strong real estate performance to an improving job market and historic low mortgage rates.

The National Association of Realtors' (NAR) data shows that 48.2 % of Miami's total sales in July 2015 were cash transactions (down from 54.4% in July 2014) compared with the national average of 23% for the same period.

Some interesting statistics regarding the Miami market are: the median sales price of single-family home in July 2015 was $278,000, and increase of 8.6% on July 2014; the median number of days on the market for single-family homes in July 2015 was 41 days, compared to 43 days in July 2014; the average percent of the original list price received was 93.8%, a 0.3 % better result than the previous year.

For more information, click here.

Rhodes real estate market stabilising

A recent Market Report 2015 for Rhodes published by Engel & Volkers describes a real estate market which is stabilising. The report suggests that the financial crisis had less of an impact on the luxury second home price structure than it had on the market for first homes. Prices for luxury holiday homes dropped slightly during the crisis, but now that Greece's position in the Eurozone seems secure prices have started to increase.

The most sought after properties have proven to be exclusive villas and homes with a minimum of three bedrooms, high quality fittings, a large block of land and with either direct sea access or offering outstanding views.

According to Engel & Volkers, in most cases, luxury and second homes on Rhodes are bought by foreigners or wealthy ex-pats. The properties are usually bought with little or no borrowed capital. Buyer enquiries on property in Rhodes come from Europe and non-EU countries, with most enquiries coming from Germany, Austria and Switzerland.

Non EU citizens who buy a property in Greece for more than 250,000 euros are granted a residency permit for five years in Greece. Read Engel & Volkers' market report here.

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