REIANEWS
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Mr Neville Sanders
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the first edition of REIA News for 2016.

January saw the release by the Australian Bureau of Statistics (ABS) of the housing finance figures for November 2015 and the CPI figures for the December quarter of 2015. Both of these contained good news for the real estate sector.

The housing finance figures showed that the market is stabilising and that owner occupiers continue to have a greater presence in the market. Some of the key facts demonstrated by the figures were:

- There has been a continued increase in owner occupier lending and a decrease in investor activity. In trend terms, they showed that the number of owner-occupied finance commitments increased by 0.8 percent, which was the same as for the previous two months. If refinancing is excluded, in trend terms for November, the number of owner-occupied finance commitments increased by 0.5 per cent – the seventeenth consecutive month of increases.
- In trend terms, the number of new dwellings purchase commitments increased by 0.4 per cent while new dwelling construction increased by 1.1 per cent and the purchase of established dwellings increased by 0.8 per cent.
- The value of investment housing commitments decreased by 2.9 per cent in trend terms. This is the sixth consecutive month of falling investor lending and the lowest monthly figure for the twelve months to November 2015 showing that the macro prudential measures and falling rental returns are having an impact on investor activity.
- The proportion of first home buyers, as part of the total owner-occupied housing finance commitments, decreased to 14.9 per cent compared to 15.0 per cent in October and is the lowest since June 2004.

The December 2015 quarter CPI figures confirm the RBA Board's assessment that inflationary pressures are well contained and are likely to remain within the RBA's target zone of 2-3 per cent over the next one to two years. This suggests that we can expect a sustained period of low interest rates which is good news for home owners.

The quarter's results also showed the lowest annual increase in rents since March 1995. A possible explanation for this is that the impact of the past increased investor activity in the housing sector is now flowing through to the rental market.

Some key points to note in the December quarter figures were:

- During the December quarter, the CPI rose by 0.4% and an annual rate of 1.7%.
- The annual changes for the analytical series of trimmed mean and for the weighted median were 2.1% and 1.9% respectively. In the case of the trimmed mean this is the same as for the previous quarter and is the lowest annual increase since the series was introduced in June 2003 and for the weighted mean the lowest since June 2012.
- The housing group increased by just 0.1% for the December quarter and an annual rate of increase of 2.2%.

On a different note, preparations are well under way for the 2016 REIA Annual Awards for Excellence which is being hosted by Real Estate Institute of Victoria at Crown Melbourne on Thursday, 10 March 2016. I would like to thank all the judges for contributing their time and expertise in judging the contestants' submissions. I would also like to take the opportunity to mention that tickets for the event are on sale now and can be purchased here.

You can see a list of all the finalists on page six.

Mr Neville Sanders

REIA PRESIDENT

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REIA PRE-BUDGET SUBMISSION **CALLS FOR ACTION ON AFFORDABILITY & STAMP DUTY**

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

The economic circumstances now are not greatly different to what they were when the 2015-16 Budget was delivered: growth is still below trend; unemployment threatens to increase; and business and consumer confidence are still low despite over a year of record low interest rates.

For a number of years now, as Australia's economy transitions from resource investment driven growth to other drivers of growth and economic activity, significant differences in economic performance across industries and regions have been a distinctive feature of the economy. Whilst it is expected that the weakening Australian dollar will provide a much needed stimulus to a number of sectors the impact of this is still some time away.

Australia's property industry is emerging as the main driver of economic growth and increased employment in the transition away from a decade-long reliance on mining. Importantly, dwelling investment supported by historically low interest rates has been a significant contributor to growth in the Australian economy since 2013-14.

Whilst investor activity in housing has increased with a supply response from the building sector contributing to economic growth, this has been at the cost of first home buyers and affordability. The number of first home buyer commitments as a percentage of total owner occupied housing finance commitments fell to 14.9 per cent in November and is the lowest since June 2004.

Exacerbating the situation for first home buyers, interest rates on interest-only loans were increased following a clamp down by the Australian Prudential Regulation Authority and the announcement that Australian Securities and Investment Commission (ASIC) would review interest-only loans. This has shut many first home buyers out of the market.

It is against this backdrop that REIA has prepared its pre-budget Submission.

With regard to addressing housing affordability, REIA has asked the Commonwealth Government to consider the following:

- That the Government establishes a mechanism to ensure the availability of reliable data on housing demand and supply in order to formulate appropriate policies and to monitor their effectiveness
- That the Government ensures that data on first home buyers is reliable
- That the Federal Government takes a leadership role in urging all states and territories to take the same approach to the provision of assistance to first home buyers regardless of whether the dwelling is new or established
- That the Government establishes a scheme to encourage young Australians to have access to their superannuation for the purpose of raising a deposit for a first home
- An improvement in the supply of housing for social housing tenants transitioning to private rental by utilising private investment.

As part of a package of taxation reform, REIA has asked the Commonwealth Government to consider the following:

- That the Government take a leadership role in abolishing stamp duties and seek to have an agreed timing across all states and territories
- That negative gearing be retained in its current form for the purpose of property investment.
- That capital gains tax on property investments is not increased.

And finally, REIA has asked the Commonwealth Government to:

- Ensure that funding of the Industry Skills Fund is adequate to meet all skills shortages.

REIA's pre-budget submission can be found here.

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

ASIC WARNS REAL ESTATE AGENTS ABOUT SMSF ADVICE

Following a recent Supreme Court of NSW decision against Park Trent Properties Group Pty Ltd (Park Trent) ASIC has written to the REIA regarding advice real estate agents give particularly as it relates to SMSFs.

Following proceedings launched by ASIC, the Supreme Court of NSW found Park Trent had been unlawfully carrying on a financial services business for over five years by providing advice to clients to purchase investment properties through an SMSF.

In handing down his judgment, his Honour Acting Justice Sackville, said that his decision "serves as a warning to others who conduct or propose to conduct businesses which seek to influence clients to establish SMSFs for investment purposes, without having the necessary licence to do so."

ASIC's message is that anyone recommending a SMSF as a way of investing in property will need to have an Australian Financial Services (AFS) licence, or be authorised by an AFS licensee, and provide appropriate advice that is in the client's best interests. Property investment advisers or real estate agents who recommend people invest in property via SMSFs, and who do not have an AFS licence, are breaking the law and are subject to fines up to $36,000 or imprisonment for two years or both in the case of an individual or up to $180,000 in the case of a company.

In its letter to the REIA, ASIC noted:

- Real estate agents who recommend people invest in property via SMSFs, and who do not have an AFS licence, are breaking the law. Anyone recommending a SMSF as a way of investing in property will need to have an AFS licence, or be authorised by an AFS licensee, and provide appropriate advice that is in the client's best interests and that prioritises the client's interests
- In the event that real estate agents are operating in circumstances where an AFS licence is required and they do not have one, they must immediately cease offering and providing financial services until such time as an AFS licence is obtained or they become an authorised representative of an AFS licence holder
- Real estate agents must also immediately cease any advertising, including any representation on a website or at presentations that indicates that they are providing financial services
- In continuing to provide financial services, real estate agents may be committing an offence and consequently be subject to legal action.

REIA is currently in discussions with a national accounting body regarding the provision of a course relevant to property that meets ASIC requirements. On successful completion of the course participants will receive a Diploma of Financial Planning. The course is expected to be conducted over eight days across a two month period, include online and workshops components and be available in major cities.

REIA News will continue to provide updates as details become available.

2016
REIA NATIONAL AWARDS FOR EXCELLENCE

REIA ANNOUNCES 2016 NATIONAL AWARDS FOR EXCELLENCE FINALISTS

Finalists for the Real Estate Institute of Australia's (REIA) National Awards for Excellence 2016 were announced recently.

REIA President Neville Sanders said the awards, which are being held at Crown Melbourne on Thursday 10 March 2016, recognise the best of the best in Australian real estate.

"This year the REIA National Awards for Excellence will be proudly hosted by REIV and the competition is tighter than ever. A total of 82 entrants will compete for 16 awards and judges have commented on the high calibre of the entrant submissions," Mr Sanders said.

The award categories cover all aspects of the real estate sector, including residential and commercial agencies, business brokers, buyer's agents, innovation and communications.

FINALISTS

Large Residential Agency of the Year

ACT **Independent Property Group**
NT **Elders Real Estate**
SA **Toop & Toop Real Estate**
TAS **Harcourts Launceston**
VIC **Nelson Alexander Pty Ltd**
WA **Momentum Wealth**

Medium Agency of the Year

ACT **Ray White Tuggeranong**
NT **Knight Frank**
SA **Refined Real Estate**
TAS **Harcourts Signature**
VIC **Advantage Property Consulting**
WA **Realestate 88**

Small Residential Agency of the Year

ACT **Maria Selleck Properties**
NT **Top End Real Estate**
SA **Raine & Horne Semaphore**
TAS **One Agency Launceston**
VIC **Bon Accorde Property Services**
WA **TM Residential**
NSW **Dimosons Real Estate**

Commercial Agency of the Year

ACT **CBRE ACT**
NT **Knight Frank**
SA **Commercial SA**
TAS **Shepherd and Heap**
VIC **CBRE**
WA **CBRE**
NSW **First National Shultz/Taree**

Residential Salesperson of the Year

ACT **Jonathan Charles** *Independent Property Group*
SA **Tim Thredgold** *Toop & Toop Real Estate*
VIC **Jeremy Rosens** *Gary Peer & Associates*
WA **Tonia McNeilly** *TM Residential*
NSW **Benjamin Mulae** *First National Gladesville*

Commercial Salesperson of the Year

ACT **Mark Terracini** *Raine & Horne Commercial*
SA **Con Kavooris** *LJ Hooker Commercial*
VIC **Steven Messina** *Melbourne Acquisitions*
WA **Daniel Sanzone** *CBRE*
NSW **Pauline O'Neill** *First National Dural*

Achievement Award

ACT **Rebecca Stephenson** *Ray White Tuggeranong*
NT **Dianne Brereton** *Call2View Real Estate*
SA **David Lowe** *Turner Real Estate*
TAS **Colin Miller** *Harcourts Elite*
VIC **Judy Zhu** *Gary Peer & Associates*
WA **Amy Thomson** *Momentum Wealth*

Communications Award

ACT **Philip Kouvelis Real Estate**
SA **Toop & Toop Real Estate**
TAS **4one4 Real Estate**
VIC **Gary Peer & Associates**
WA **Rentwest Solutions**

Innovation Award

SA **Toop & Toop Real Estate**
TAS **Bushby Property Group**
VIC **Keyhole Property Investments**
WA **Professionals The Kelly Team**
NSW **LJ Hooker Cessnock & Kurri Kurri**

FINALISTS

Community Service Award

ACT **CBRE ACT**

NT **Simon Watts**
Real Estate Central

SA **Elders Real Estate**

TAS **Bushby Property Group**

VIC **Nelson Alexander Pty Ltd**

WA **Naked Real Estate**

NSW **LJ Hooker Cessnock & Kurri Kurri**

Commercial Property Manager of the Year

ACT **Kevin Dwyer**
Raine & Horne Commercial

SA **Andrew Carapetis**
Commercial SA

VIC **Charles Hunt**
CHP Management Pty Ltd

WA **Louise Greenhalgh**
CBRE

NSW **John Moufarrege**
First National Iskander

Residential Property Manager of the Year

ACT **Danielle Gavin**
Peter Blackshaw Real Estate Manuka

NT **Kirsty Martin**
Elders Real Estate

SA **Peter Treacy**
Harris Real Estate

TAS **Natalie Gray**
PRD Nationwide Hobart

VIC **Zac Karvoun**
Alex Kar Bon Real Estate

WA **Laura Levisohn**
M Residential

NSW **Stacey Hugler**
First National Eldridge

Corporate Support Person of the Year

ACT **Keely Johnson**
Raine & Horne Commercial

SA **Michelle Pascoe**
Turner Real Estate

TAS **Anna Gooch**
Harcourts Launceston

VIC **Eliza Carr**
Gary Peer & Associates

WA **Jennifer Wright**
Realmark

NSW **Shelby Sutcliffe**
First National David Haggarty

Buyer's Agent of the Year

VIC **Frank Valentic**
Advantage Property Consulting

WA **Kent Cliffe**
Momentum Wealth

Business Broker of the Year

SA **Simon Winter**
Raine & Horne Corporate Business Sales

VIC **Patrick Connolly**
Colliers International

JOIN US AS WE CELEBRATE THE BEST OF THE BEST IN AUSTRALIA REAL ESTATE.

Actor and comedian **Colin Lane** (well known as one half of comedy duo Lano & Woodley) will MC the evening at the Crown Palladium, supported by entertainment from super suave cocktail jazz band **Savannah Club**.

Book online today and lend your support to your state and territory finalists on what promises to be a spectacular evening.

REIA

2016
NATIONAL AWARDS FOR EXCELLENCE

7.00-11.00 pm THURSDAY 10 MARCH 2016

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This article is brought to you by Enzo Raimondo, Chief Executive Officer, REIV

WHAT TO EXPECT IN 2016

The Victorian property market finished 2015 on a high with a record number of auctions held in November and December. While median house price growth is expected to moderate this year, population increases, a robust economy and relatively low interest rates will support buyer interest in 2016.

In 2016 the REIV expects moderate growth across the city with further price increases in a range of suburbs in Melbourne's inner, middle and outer rings.

Some suburbs across the city to watch in 2016 are:

WEST OF THE MELBOURNE CBD

Footscray – Close to the CBD and recorded double-digit growth in 2015. Footscray remains affordable given its location in Melbourne's inner ring. Improving infrastructure and gentrification likely to result in solid long-term growth. *Median price: $780,000*

Altona – Close to the CBD (13km) and to the bay and has seen double-digit growth in 2015. Private sales market tightened in 2015 and clearance rate increased, despite listings being up 17 per cent. *Median price: $710,125*

Sunshine – Still offers very affordable buying and is within 11km of the Melbourne city centre. Larger land blocks are proving attractive to both buyers and developers. *Median price: $530,000*

Spotswood – Another inner west Melbourne suburbs which is poised for further growth in 2016. Despite listings increasing significantly in 2015, the median days on market fell 23 days and clearance rate improved 13 per cent. Median house price remains well below the inner Melbourne median of $1,236,000. *Median price: $775,000*

NORTH OF THE MELBOURNE CBD

Preston – Has seen solid growth in recent months, reflected in strong private sales activity (median number of days on market declined seven days in 2015). Located within 10km of the CBD, Preston's median house price remains well below the inner Melbourne median of $1,236,000. *Median house price: $815,000*

Epping – Located on the fringe of Melbourne's middle ring, Epping recorded solid price growth in 2015, driven by a strong private sale market. Poised for further increases in the coming 12 months. *Median price: $432,750*

EAST OF THE MELBOURNE CBD

Burwood East – A big growth area with extensive development underway at present. While the median house price is high, days on market continue to fall (down from 37 days in 2014 to 30 days in the past 12 months) showing increasing buyer interest. *Median price: $1,004m*

Montrose – Has a relatively affordable median house price for those buying in Melbourne's east and has shown good signs of capital growth in the past 12 months (up 10%). A significant drop in median days on market in 2015 (down 11 days to 19 days) has resulted in a strong private sales market. *Median price: $600,000*

Mount Waverley – Experienced one of the highest median price increases of any Melbourne suburb in 2015, up more than 20 per cent, but should still see growth this year. Attractive to foreign investors and quality local schools (Mt Waverley Secondary College) are also proving to be a key driver for buyers. *Median price: $1.38m*

Glen Waverley – Middle-eastern suburb which has been in the spotlight in 2015, and will continue in 2016. Given it is zoned for quality public school Glen Waverley Secondary College, buyer demand is likely to continue for the foreseeable future. *Median price: $1.319m*

SOUTH OF THE MELBOURNE CBD

Seaford – Bayside and has experienced strong growth in the past six months. Like Sunshine, is also very affordable. Strong private sales activity and clearance rate. *Median price: $530,000*

Chelsea – Close to the bay and with good transport to the CBD. Saw a strong private sale market and solid auction activity in 2015 as well as double-digit annual growth. Should be a solid year ahead. *Median price: $727,000*

This article is brought to you by Quentin Kilian, Chief Executive Officer, REINT

A YEAR OF CHANGE?

Kung Hei Fat Choy for the Year of the Monkey. According to Chinese Five Elements the Monkey contains Metal and Water. Metal is connected to gold. Water is connected to wisdom and danger. Therefore, we will deal with more financial events in the year of the Monkey. Monkey is a smart, naughty, wily and vigilant animal, so if you want to have good return for your financial investment, then you need to outsmart the Monkey. Metal is also connected to the Wind. That implies the status of events will be changing very quickly.

Looking back at 2015, which by all accounts in the world of real estate could best be described as lacklustre, a year of change could be a very good thing.

The biggest standout for 2015 was the upward trend in vacancy rates across the Greater Darwin Area, which is the result of a combination of an oversupply into the marketplace of new properties and the more worrying trend of a decline in population.

The Northern Territory Government population projections, published in 2013 projected a population growth of 1.4 to 1.5 percent for 2015. However, the Australian Bureau of Statistics, in September 2015, noted that the Northern Territory fared the worst of any of the States and Territories in 2015 with population growth of only 0.2 per cent – it's lowest in 11 years.

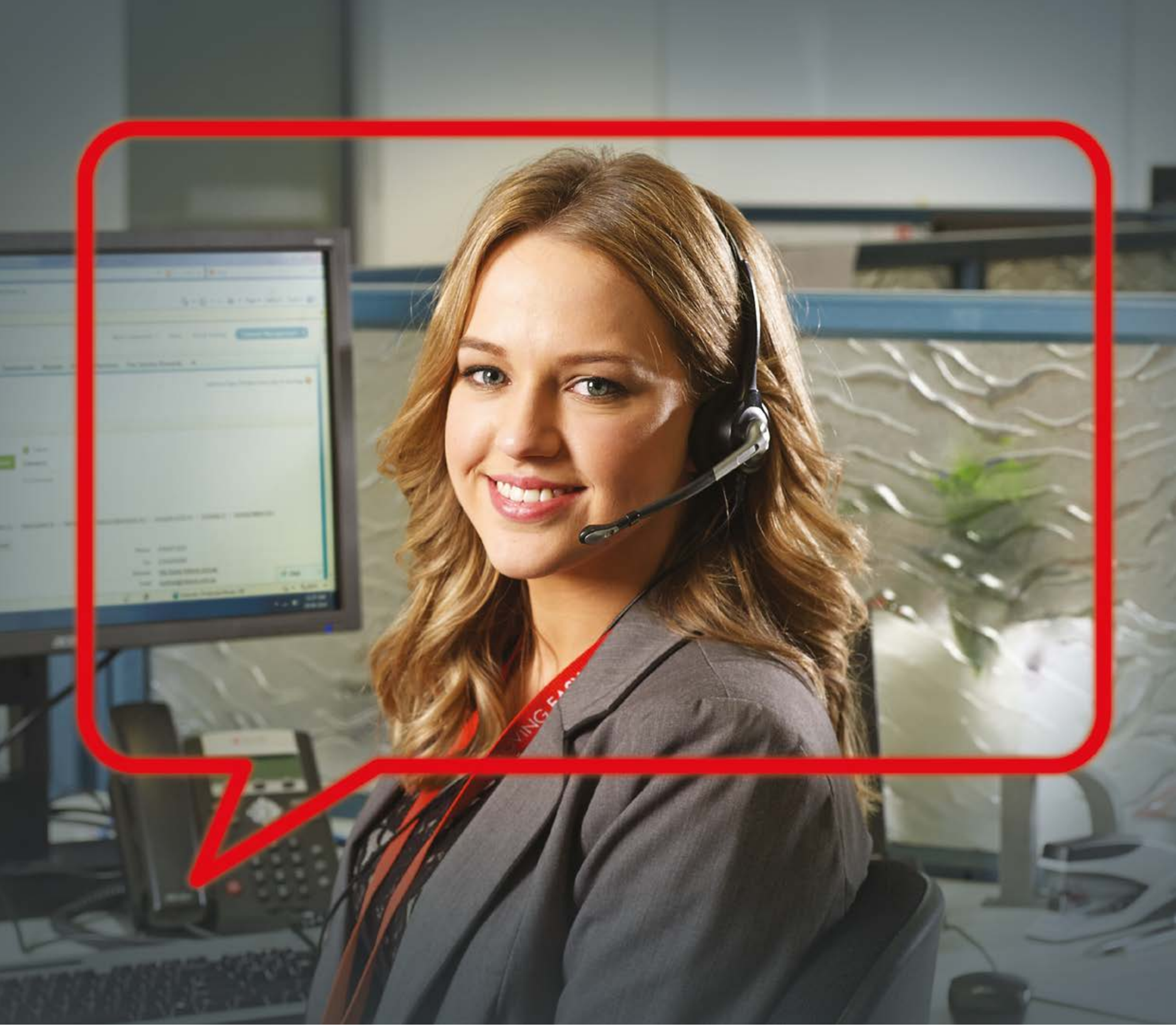
According to the ABS, net interstate migration losses were the greatest contributor to slower growth, with the Territory recording its largest ever interstate migration loss in the year to March 2015.

The past year saw a fall of just over 29 per cent in house volumes across the Greater Darwin area (which includes Palmerston) but a massive drop in the volume of Unit/Townhouse sales by some 62 per cent. Vacancy rates have continued to increase in most areas the Darwin/Northern Suburbs area reaching an 8.2 per cent vacancy rate on houses and a 9.2 per cent vacancy rate on units. And while much of this can be attributed to the additional supply that came into the Darwin market in late 2014 and 2015, there is also that real issue of a declining population which is simply increasing the effect of the growing vacancy rates.

So what were some of the 'bright points' for this past December 2015 Quarter in the Darwin market? Well to begin with, Palmerston saw a fall in its unit vacancy rate by a sizeable 3.1 per cent. This correlates with the anecdotal evidence we have been gathering that a sizeable number of renters have chosen to relocate to Palmerston in search of newer properties and lower rents. And the Rural area was quite a winner on the vacancy rate front as well, showing a drop of 5.9 per cent in houses and 7.3 per cent in units. Again we believe the rural area is attracting renters from the city.

Sales wise, whilst the volume of house sales fell again in the December Quarter – down 7.7 per cent – the median price actually grew to $608,750. This is reflective of the sales activity in the higher brackets with 112 of the 216 recorded sales being above the $600,000 mark and a further 81 of those sales being above $500,000. Unit sales bounced back in the December Quarter, up by 37.6 per cent. However this is still significantly lower than at the same time last year. The median unit price was reasonably steady, down just 1 per cent on this time last year at $490,000. The jump in unit sales would indicate people are recognising the changes to the market and seeing this time as a good buying opportunity.

The positive and negative qualities of the **Monkey Year 2016** culminate in a year in which anything can happen. Let's hope for a year of positive change ahead.



This article is brought to you by David Bannerman, Bannerman's Lawyers

NAVIGATING STRATA URBAN RENEWAL

The centrepiece of new strata development laws expected to commence on 1 July 2016 is provision for a sufficient majority of lot owners to have power to force the remaining minority to sell their lots. This can be achieved through either a redevelopment or collective sale process and there is no restriction concerning the age or dilapidation of the building.

The process will involve:

- Numerous notices and meetings.
- The establishment of a Strata Renewal Committee.
- The formulation of a Strata Renewal Plan by the Strata Renewal Committee.
- A special resolution of the owners corporation to submit the plan to the owners.
- Written support notices from the owners of 75% of the lots.
- An application to the Land and Environment Court for orders giving effect to the plan.
- A complex and not entirely clear mechanism for determining payments due to dissenting owners.

The process will likely prove to be lengthy, complex and expensive, involving a number of experts, including lawyers and valuers. Failure to strictly comply with the requirements and tight timeframes may cause the proposal to lapse or fail.

Owners disadvantaged by a proposal may need to take legal action, at their own cost, to protect their interests and this will present real affordability issues The Office of Fair Trading proposes a support hotline, but that seems underwhelming and better provision for the costs of objecting to inappropriate proposals would have been more helpful.

The regulations, which are yet to be provided for consultation, may clarify some issues, e.g.:

- Requirements for a valid strata renewal plan.
- Notice requirements, e.g. informing owners of the creation of the strata renewal committee.
- Clarification of required compensation payments, e.g. costs and expenses to be deducted from the sale price.
- Disclosure requirements, e.g. concerning, e.g.plans and other information to be given to the owners.
- Information required to be included in an application to the Court for orders giving effect to a plan.
- The types of orders the Court can make in relation to tenants.
- Entitlement to payment or reimbursement of costs.

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Watch for details of the official website for details of event bookings and tourism activities in and around Alice Springs, airfare packages... plus a whole lot more.

The REINT is very pleased to be playing host to this great event in 2016 and we look forward to welcoming you to our home. In the meantime if there is anything we can assist you with, please contact us at:

reception@reint.com.au / quentin@reint.com.au
Telephone: +618 8981 8905.

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This article is brought to you by Fons Caminiti, National Manager Broker Sales & Distribution at Adelaide Bank

BRIDGING FINANCE A HANDY TOOL IN THE RIGHT HANDS

Bridging finance is the term given to a loan that funds the purchase of a new property before an existing property is sold. This kind of loan works like a regular home loan, but with a shorter term; usually six months for purchasers buying an existing home and 12 months for those building a new one.

The loan period is the time limit within which the purchaser must sell their existing property and pay back the loan. The aim is to sell as quickly as possible to limit the amount of interest paid.

Prior to banking deregulation, only extremely brave purchasers would buy before they sold. Back then, bridging finance was a scary prospect fraught with high above-market interest rates and stringent loan conditions.

How things have changed.

Today's bridging loans are designed to ease purchasers through what has become the very common scenario of buying before selling.

Typically, interest on a bridging loan is charged at standard variable rates. However there are lenders who also offer the option of a fixed rate. Some bridging products even include a 100% offset facility which can make a big difference to the total amount of interest paid.

The requirements covering how a bridging loan is serviced vary from lender to lender. Some banks require minimum repayments, usually calculated on an interest only basis. Others offer the option of no repayments until the sale of the existing home is finalised. The no repayment route is a popular one for those already living to a tight weekly budget.

Bridging finance is available to owner-occupiers and residential and commercial investors. And the scenarios bridging loans can cover are wide and varied. For example, a bridging loan can assist someone who wants to sell their own home to become an investor, or vice versa. It can even work in cases where a number of homes are being sold to buy one new one.

The key to making bridging finance work is to find the best product to suit a buyer's specific needs. It's also vitally important for the purchaser to have sensible expectations regarding the price of their existing home, to ensure it's sold within the bridging period.

Provided you shop around to find the best loan product, and structure it accordingly, bridging finance can be a great way to snap up the home you really want. Before someone else does.

Fons Caminiti, National Manager Broker Sales & Distribution at Adelaide Bank.

INDIGENOUS HOME OWNERSHIP HITS HIGHEST-EVER LEVEL UNDER LOAN PROGRAM

By Natasha Robinson | ABC PM program http://www.abc.net.au/news/natasha--robinson/7025664

The number of Indigenous people taking up home ownership has hit its highest-ever level, with almost 18,000 loans issued since the Federal Government began to offer loans to Aboriginal and Torres Strait Islander people who had been barred by mainstream banks.

Key points:

- Indigenous Business Australia has $1 billion in Aboriginal loans on its books through home ownership program
- Program began in 1975 and has issued almost 18,000 loans; more than 4,500 are current
- The CEO of IBA says owning own homes allows people to "take control of their financial future"

Many of the recipients of the home loans now own their homes outright.

The statutory body Indigenous Business Australia [IBA] claimed the milestone when it revealed it had $1 billion in Aboriginal loans on its books through the Indigenous Home Ownership Program [IHOP].

CEO Chris Fry said clients came to the IBA for finance because mainstream bank providers would not give them a loan.

"That's because we take into account a higher or more flexible approach to some of the risk parameters around the level of income, the level of deposit and perhaps in some cases more challenged credit history," Mr Fry said.

The Government said it had taken 40 years to build up the home ownership program since its beginnings in 1975, when it was first established with $5 million in seed funding.

It said the IHOP now had more than 4,500 current home loans.

The majority of loans issued under the Indigenous Home Ownership Program are in regional areas.

Progress remains slow on remote-based home ownership, with only 40 Aboriginal loans ever issued on remote lands.

HOME OWNERSHIP 'CHANGES PEOPLE'S LIVES'

Mr Fry said that he had seen people's lives changed after they were given the loan and became home owners.

"What we've witnessed through home ownership is our clients have moved from a renting situation and to take control of their financial future," he said.

The excitement just to know that my kids have somewhere to grow up in and we've got a roof over our heads.

EDDIE CLARKE, DARWIN-BASED ABORIGINAL MAN

Darwin-based Aboriginal man Eddie Clarke never thought he would be able to afford to buy a home for himself and his family.

He said it was one of the best days of his life when he was handed the keys to his new home.

"The day we actually picked up our key, actually had it handed over to us... we're pretty thankful about it all," he said.

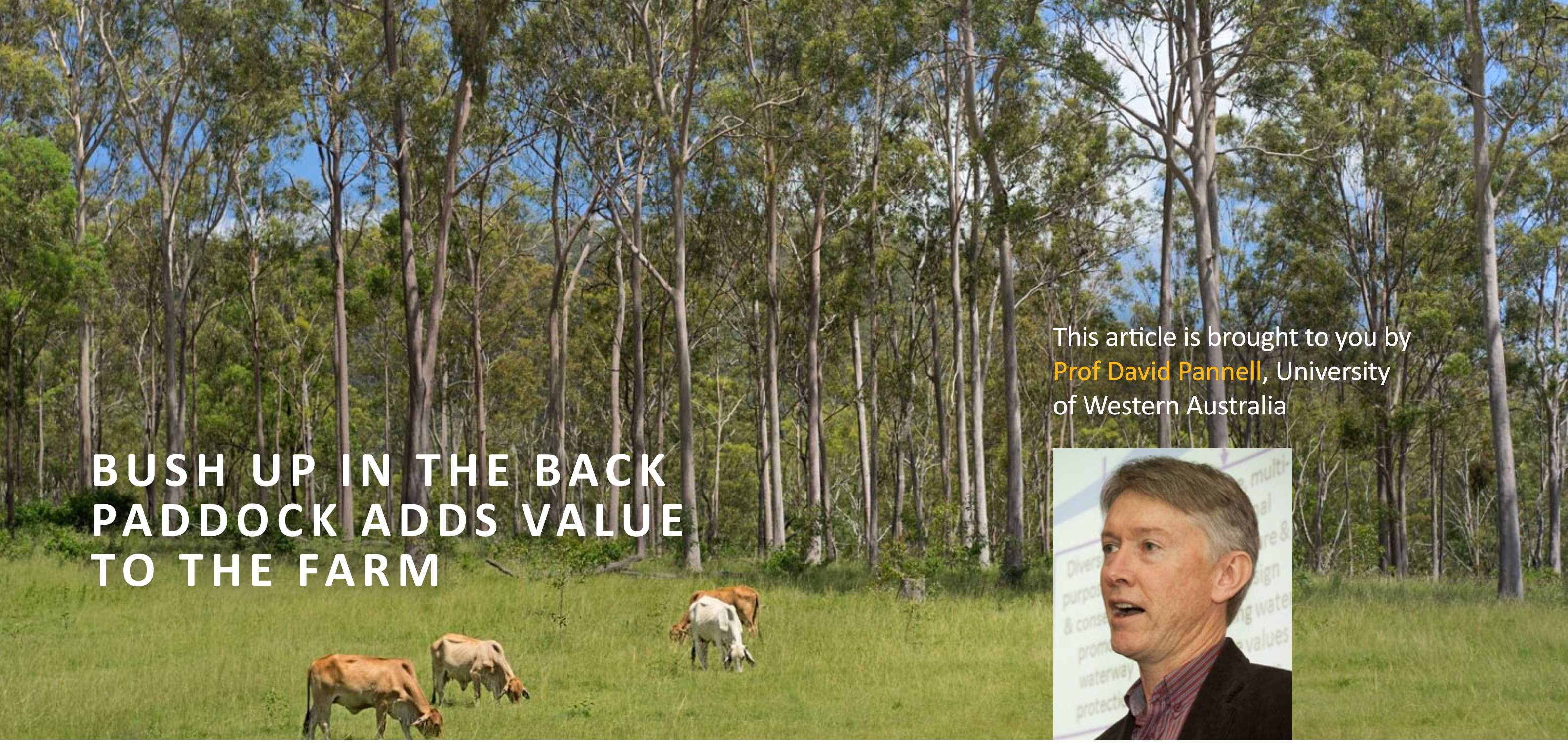
"The excitement just to know that my kids have somewhere to grow up in and we've got a roof over our heads."

Mr Clarke is one of thousands of Aboriginal people that have taken up home ownership in recent years through the IBA.

He said he thought it was important to be able to lead his children by example, to show them that when they grow up owning a house was not an impossible dream to have.

"Even though it seems extremely hard and impossible, rather than just sit down and expect everything to be handed to you on a platter, you've also got to go out and find it and also contribute to that," he said.

"I think that's one of the traits I was taught by my Dad, don't just always sit back and expect people to give hand-outs to you, you've got to get off your backside and meet halfway sort of thing."



BUSH UP IN THE BACK PADDOCK ADDS VALUE TO THE FARM

This article is brought to you by Prof David Pannell, University of Western Australia

Native vegetation can add between 4% and 25% to the value of a rural property, according to new research.

The study examined the connection between sale prices of about 7,200 rural properties in North-Central Victoria and native vegetation cover on those properties.

The analysis was conducted by a team of resource economists led by Dr Maksym Polyakov from the University of Western Australia and the Centre of Excellence for Environmental Decisions (CEED).

The value of the native vegetation changes with the context of the land but in some situations the increased value can be considerable, adding between 4% and 25% to the value of the property.

“We found that rural landholders generally value having some native vegetation on their land, and this is reflected in land prices,” Dr Polyakov said.

“The value depends on both the area of native vegetation on a property and the overall property size.

“For example, a farmer may value their first hectare of native vegetation highly, but the tenth hectare might add no extra value.

The analysis of rural property sales included everything from small ‘lifestyle’ properties to large production farms, from land that is covered by bush to land that is completely cleared, and everything in between.

“As the proportion of farm area devoted to woody native vegetation increases above zero, the average value of farm land increases,” according to Professor David Pannell, a co-author on the study.

“Eventually it reaches a maximum value at some level, beyond which further increases in native vegetation reduces land value.

“While the general pattern is the same for all farm sizes in this region, the numbers are quite different.

“For a small 1-hectare property, land value is highest when it includes about 45% woody native vegetation. Such land is about 25% more valuable than fully cleared land.

“These high values reflect that the owners of such small properties are probably there mainly for lifestyle reasons, not to make money from farming.”

The researchers found that at the other end of the spectrum, a large (for example,1000 hectare) property is valued highest when it includes about 20% native vegetation. At this level, land value is about 4% higher than for fully cleared land.

Conserving biodiversity on private land is an important part of our national conservation strategy, Dr Polyakov said.

However, it can be challenging because the benefits of biodiversity are enjoyed by everyone while the costs of conservation are incurred by the landholders.

“In attempting to deal with this challenge, it’s important to appreciate that environmental assets such as native vegetation may also provide benefits that are enjoyed and valued by the landholders.

“This insight is valuable for natural resource managers because private landholders who enjoy having native vegetation on their land would more likely participate in conservation programs.”

The study, Capitalized amenity value of native vegetation in a multifunctional rural landscape, by Maksym Polyakov, David Pannell, Ram Pandit, S Tapsuwan and Geoff Park is published in American Journal of Agricultural Economics.

CREATING THE FIRST GLOBAL ETHICS STANDARD FOR THE PROPERTY SECTOR

IES INTERNATIONAL ETHICS STANDARDS
www.ies-coalition.org

The International Ethics Standards (IES) Coalition has launched a global consultation on ethics principles for those working in land, property, construction and infrastructure.

Property and the built environment play a huge role in our lives as well as being a major contributor to the economy worldwide. Ethics guides the behaviour of property professionals and builds trust in the profession. Producing one set of International Ethics Standards for real estate and related professions will help to bring greater transparency and consistency to global property markets.

The new standard has been written by a group of independent industry leaders and international ethics and compliance experts appointed by Trustees of the IES Coalition. Included in the group are prominent real estate representatives from Russia, China, France, the USA, Germany, Brazil, Japan, Malaysia, Canada and the UK. The IES Coalition has organised a three-month consultation to ensure that the final version is high quality, understood and accepted by all participating organisations, practitioners and their clients. Relevant organisations and individuals throughout the world are invited to comment on the draft.

The International Real Estate Federation FIABCI has given the initiative of the IES Coalition its full support with FIABCI World President Danielle Grossenbacher saying "FIABCI is enthusiastically supporting the introduction of new ethical and professional standards which will provide structure, clarity, greater responsibility and value within the real estate and real estate-related industries."

The IES Coalition has recognised that within the property sector, many professional organisations have based their standards on common principles such as integrity, transparency and trustworthiness. However there is no over-arching standard to which all real estate and related professional organisations subscribe. The Coalition is hoping that the IEC will be adopted by its Coalition members and then be put into practice through the Coalition members' codes of conduct.

For more information, click here, or to get involved, complete the online survey here.

» *article continues*

» *continued*

The ethical principles below are listed in alphabetical order and are all of equal importance. Practitioners are expected to observe all appropriate practice standards for their discipline. Practitioners are also expected to observe all laws and statutes applicable to their discipline in the jurisdictions where they practice, as well as all applicable international laws.

1. Confidentiality: Practitioners shall not disclose any confidential or proprietary information without prior permission, unless such disclosure is required by applicable laws or regulations.
2. Disclosure: Practitioners shall make all appropriate disclosures before and during the performance of a service. If, after disclosure, a conflict cannot be removed or mitigated, the practitioner shall withdraw from the matter or obtain written consent of the parties affected to continue.
3. Fiduciary Responsibility: Practitioners shall be honest, transparent and trustworthy in all their financial dealings.
4. High Standard of Service: Practitioners shall only provide services for which they are competent and qualified, and shall ensure that any employees or associates assisting with the provision of services have the necessary competence to undertake those services.
5. Integrity: Practitioners shall act with honesty and fairness in all their dealings, and shall not mislead or attempt to mislead. They shall base their advice on valid evidence.
6. Respect: Practitioners shall provide services that honor client, third party and stakeholder interests in the context of applicable rules of law and social and environmental concerns.
7. Responsibility: Practitioners owe a duty of care to their clients and due consideration to the rights and interests of third parties and stakeholders.
8. Transparency: Practitioners shall not misinform over the products or terms of service to be provided, and shall present relevant documentary or other material in plain and intelligible language.
9. Trust: Practitioners shall be truthful in their professional communications and recognize that their professional conduct bears upon the maintenance of public trust and confidence in the real estate professions.
10. Verification: Practitioners shall continually evaluate the services they provide to ensure they are consistent with the spirit and evolution of ethical principles and practice standards.

INDUSTRY UPDATE

Industry news from around Australia

Construction activity

After four months of expansion, the national construction industry, as measured by the Australian Industry Group/Housing Industry Association Australian Performance of Construction Index, dropped 3.9 points to 46.8 points in December (readings below 50 points indicate contraction, with the distance from 50 points indicating the strength of the contraction). The contraction in the Index occurred despite growth in the apartment and house building sectors. Their strength was outweighed by weak activity in the engineering and commercial construction sectors.

Training

The Government announced the five organisations selected as Skills Service Organisations to work with the Industry Reference Committees to develop modern and relevant training packages. These Skills Service Organisations replace the Industry Skills Councils including CPSISC. The five are: Artibus Innovation; Australian Industry Standards Limited; PricewaterhouseCoopers (PwC); Skills Impact Limited, and; SkillsIQ. (Artibus Innovation provide property training packages).

The new arrangements will cover all of the industries currently serviced by the national training system. REIA has met with the Minister for Vocational Education and Skills' office to discuss the arrangements as they relate to the property profession.

ACCC

REIA's Acting CEO has been reappointed to the ACCC's Small Business and Franchising Consultative Committee for a further two years.

ATO

The REIA's acting CEO has been selected as a member of the ATO's Small Business Liaison Group.

New protections for small business

ASIC has today released an information sheet about new protections for small businesses from unfair contract terms in standard form contracts. These protections already apply to standard form consumer contacts and will apply to standard form small business contracts from 12 November 2016.

The information sheet provides guidance about the new provisions, including how the law defines a standard form contract and ASIC's expectations that prior to 12 November 2016, businesses will review their standard form contracts.

ASIC Commissioner Greg Tanzer said, "Small businesses, like consumers, have limited market power and a reduced ability to vary 'take it or leave it' standard form contracts. The consumer unfair contract term protections get positive outcomes for consumers and ASIC anticipates being able to do the same for small business, once the protections are extended to them".

Mortgage arrears on the rise

Standard and Poor's latest Performance Index (SPIN) has shown that the percentage of housing loans in arrears for prime and non-conforming residential and mortgage backed securities (RMBS) has increased for the first time in six months. The levels for prime RMBS rose in November by 0.04 percent on October and for non-conforming RMBS the increase was 0.27 percent for the same period. It is worth noting that despite these increases, the levels remain at historically low levels.

Draft regulations to crowd sourcing equity funding (CSEF) framework released

Draft regulations that provide additional detail to Australia's new crowdsourced equity funding (CSEF) framework have been released.

The draft regulations provide additional detail on a range of matters, including:

- the class of securities that may be offered;
- the minimum requirements for what a CSEF issuer must include in their offer document;
- the prescribed checks intermediaries must undertake before allowing an offer to be made on their platform; and
- wording of the mandatory risk warning and retail investor risk acknowledgment that investors must agree to before they may invest in CSEF products.
- "These draft regulations provide important detail about the obligations of issuers and intermediaries in ensuring retail investors understand the nature of the products they are investing in, and make informed decisions," Minister O'Dwyer said.

For further information, click here.

MAKING NEWS

General national news

Taxation reform

Following the release of a paper proposing that the current CGT exemptions on the family home only apply to property valued at less than $2m the President of REIA rejected the suggestion in media interviews. Both the Government and the Opposition were quick to reject the proposal which has been seen by some commentators as a grab for funds by the superannuation industry.

The Farsight Project

Construction Skills Queensland (CSQ) has partnered with Australia's scientific research agency CSIRO to undertake a detailed report on the technological changes underway in Australia's construction workforce.

The Farsight Project aims to predict how the role of construction workers will evolve during an expected period of major transition over the next 20 years. Rapid technological advancement, the globalisation of supply chains, new building systems, and the changing preferences of consumers are all factors which are expected to reshape what is built and how it is built.

"This has implications for construction workers and the skills and training needed in the future. These changes need to be foreseen, understood, and managed so we can anticipate the challenges and harness the opportunities. Jobs in the construction industry of the future won't look very much like they do today," according to CSQ's CEO Britt Shimming.

The construction industry is Queensland's largest economic contributor, third largest employer, and includes the largest number of businesses across the State. CSQ will be hosting a series of workshops in March, in order to meet with Industry and to share the findings so far. The final report from the project is due to be released in June 2016. For more information, please click here.

Renting rights

As a result of issues such as: misleading advertising; the unlawful retention of deposits and bonds; and unsafe or unhealthy conditions in rooming houses being reported to them, Consumer Affairs Victoria has taken action to help international students to safely navigate Victoria's rental market by working with higher education providers to inform students about their tenancy rights both before and after their arrival in Melbourne.

Students who are unfamiliar with local renting laws can sometimes be vulnerable to accommodation providers who do not follow the rules. International students are being advised to book temporary accommodation before they leave their home country, and only commit to a longer-term lease or contract after they have viewed the accommodation in person.

Information regarding: rooming houses, private rental, deposits, bonds etc can be found on the Consumer Affairs website. A summary of your renting rights in Victoria can be found in a variety of languages can be found here.

Sydney second only to Hong Kong

Sydney has been ranked second to Hong Kong as the least affordable city in Demographia's latest survey of housing affordability. The annual survey looks at cities in eight countries (China and Hong Kong included) and rates the cities from being affordable to severely unaffordable. The ranking is determined by a house price- to- income ratio (house price is divided by household income). Hong Kong was ranked the least affordable city, Sydney the second least affordable city and Vancouver third. For the full report please click here.

Affordable housing

The REIA welcomes the establishment by the Government of a working group on affordable housing. The REIA acknowledges that affordable housing is a complex issue, with a number of economic, social and infrastructure factors influencing it. These include: the deposit gap for first home buyers; demographic change; the effect of stamp duties and taxes; insufficient supply of dwellings for both purchase and rental; lack of innovation in the building industry; development application processes, and, importantly; lack of urban infrastructure.

The REIA is pleased that that the Federal Government has taken a leadership role in developing a coordinated and strategic approach to the provision of housing. We would welcome the opportunity for input and are committed to working with the Government's Working Group to achieve its goal.

POLITICAL WATCH

Information and news from government

Streamlining business reporting with a single touch payroll

Business reporting of tax and superannuation will be simplified with the implementation of Single Touch Payroll (STP).

Currently, employers report Pay As You Go (PAYG) withholdings manually to the ATO. Under the STP, the information will automatically be reported to the ATO through Standard Business Reporting (SBR) software. In addition to this, employers will have the option to pay their PAYG withholding tax at the same time that they pay their staff.

In another initiative, workers commencing employment for the first time will have the option of completing their Tax File Number (TFN) declaration and Superannuation Standard Choice forms using myGov or through their employer's business management software.

From 1 July 2017, all businesses will be able to commence STP reporting, with the option to make voluntary payments. In addition, the ATO will transition employers with 20 or more employees to STP. From 1 July 2018, employers with 20 or more employees will be required to use STP enabled software for reporting to the ATO.

Implementation study on single business identifier

An implementation study will be undertaken on the 'single business identifier'.

This measure was announced in the 2015-16 Budget's Growing Jobs and Small Business Package, for Australian Company Numbers (ACNs) and Business Tax File Numbers (BFTNs) to be replaced with just the Australian Business Number (ABN).

The single business identifier is expected to deliver benefits to newly registered businesses, particularly incorporated small businesses, by reducing the need to use multiple identifiers with government.

The Government has undertaken consultation on the development of this policy, however recent consultations have highlighted that many subsidiary systems (outside of the Australian Taxation Office and the Australian Securities and Investments Commission which are implementing the measure) are reliant on current identifiers and additional time is required to adjust systems, business processes, and forms.

The Government wants to make sure the implementation is right because we understand consolidating business identifiers will be a significant change. The implementation study will examine government and private sector impacts from the measure and will be finalised in mid 2016.

The single online portal for business and company registration and computer code to enable developers to build new registration software is on-track to be implemented by mid-2016.

ASIC's work to reduce red tape

Australian Securities and Investment Commission (ASIC) has released a report outlining the progress ASIC has made on its work to cut red tape and reduce compliance costs. ASIC Commissioner John Price said 'ASIC has already made (since September 2013) deregulatory savings for business of more than $470 million and we are working to further cut red tape for business and individuals.'

The latest report outlines SIC's current deregulation work; reports on progress implementing the measures highlighted in a previous report (ASIC's deregulatory initiatives, REP 391); and responds to new deregulatory ideas received from the market since the report was released. It also outlines ASIC's plans for future deregulatory work. Click here for more information, or email your suggestions for cutting red tape to deregulation@asic.gov.au

Draft regulations to Crowd Sourcing Equity Funding (CSEF) framework released

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- "These draft regulations provide important detail about the obligations of issuers and intermediaries in ensuring retail investors understand the nature of the products they are investing in, and make informed decisions," Minister O'Dwyer said.

For further information, click here.

THE WORLD

Property news from around the world

Housing market confidence remains strong in the UK, latest sentiment index shows

Confidence in the UK housing market remains strong and the majority believe that property prices will be higher rather than lower in 12 months' time.

There has also been a small rise in positive selling sentiment in the final quarter of 2015 and a fall in the number who expect it to be a bad time to sell, according to the latest quarterly Halifax Housing Market Confidence Tracker index report.

'Solid economic growth, rising real earnings and falls in already very low mortgage rates are all stimulating housing. At the same time, there is an increasingly acute imbalance between supply and demand, which is causing property prices to rise at a robust pace,' said Craig McKinlay, Halifax mortgages director.

'This situation, which is unlikely to reverse significantly in the short term, is reflected in the public's continuing high levels of optimism regarding house price growth over the coming 12 months,' he added.

There has been a small rise in positive selling sentiment since last quarter, with 55% (+3) of people thinking the next 12 months will be a good time to sell. By contrast, there has been a drop in the proportion who expect it to be a bad time to sell, down three points in the same period, to 29% now.

Positive buying sentiment has increased marginally, at 54% (+1), with negativity down two points to 31% while the proportion who think it would be a good time to buy and to sell property has risen to 39%, up three points on the previous quarter, while 15% of people think the next 12 months would be a bad time to do both.

Florida is most popular state in the US for overseas buyers

Foreign real estate buyers made up 36% of sales in Miami and south Florida accounting for transactions worth $6.1 billion, according to the 2015 international buyer report from the Miami Association of Realtor and the National Association of Realtors.

Florida remains the top for international buyers with 21% of all foreign purchases in the US and Miami and Fort Lauderdale account for 50% of foreign sales, while the data also shows that there continues to be more foreign buyers in Miami than in the rest of the country.

'Miami and south Florida attract foreign buyers unlike any other US market and increasingly from a more diverse group of countries,' said Mark Sadek, 2016 chairman of the board of the Miami Association of Realtors..

The top five countries or origin for buyers in south Florida were Venezuela, Brazil, Argentina, Colombia, and Canada, accounting for 62% of sales. Other top countries included Mexico, France and Italy, Ecuador and Spain.

The research also shows that foreign buyers spend more on properties than domestic buyers and paid $590,000 on average compared to locals spending $329,869. They also mostly pay cash with 75% doing so.

Residential property sales in Hong Kong up over 40% month on month in December

Residential property sales in Hong Kong rebounded in December, up 43.1% from the previous month, according to data from the land registry.

A total of 2,153 primary residential sales transactions were recorded, more than doubling those in November, while secondary home sales increased 6.4%.

The latest monthly Hong Kong review report from international real estate firm Knight Frank points out, however, that total residential sales volume for 2015 was still down 12.3% from 2014, with primary sales dropping only 0.2% and secondary sales losing 16.6%.

The report suggests that both landlords and buyers held a wait and see attitude amid various uncertainties in both local and external markets.

The housing supply target in the coming 10 years was reduced from 480,000 to 460,000 units, according to the Transport and Housing Department, as the projected number of new households during the period was less than previously forecast.

Articles courtesy of propertywire.com

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