

REIANEWS

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PRESIDENT'S REPORT

Mr Neville Sanders
REIA President



WELCOME FROM REIA'S PRESIDENT

Welcome to the August edition of REIA News.

The lead article in this month's REIA News looks at the HILDA report released at the end of July which shows that home ownership in Australia is declining rapidly and that unless something is done to address this it won't be long before less than half of all adults own their own home.

This month we also have a story covering all the finalists for the Australasian Auctioneering Championships (AAC) in Alice Springs on 6 to 9 September. The Australasian Auctioneering Championships is an annual event conducted jointly by the Real Estate Institute of New Zealand (REINZ) and the REIA representing the

most skilled auctioneers that New Zealand and Australia have to offer.

This year as a bonus the inaugural Australasian Auctioneering Schools Championships will be contested by finalists from both South Australia and Tasmania.

I am sure that this year's Championships is going to be one of the best ever with the Schools Championship competitors learning from the masters and seeing a pathway into the profession.

More information about the event that attracts contestants, judges, observers and families from around Australia and across the Tasman, including how to attend can be found at www.auctionchampionships.com.au

Mr Neville Sanders

REIA PRESIDENT



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ACTION ON AFFORDABILITY LONG OVERDUE

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



According to a report just released home ownership is slipping away for many Australians and soon less than half of all adults will own their own home.

The Household, Income and Labour Dynamics in Australia Report (HILDA), a national snapshot released annually, has been running since 2001. Researchers interview the same 17,000 Australians each year, to create a snapshot of the nation. The report spans every topic of household life, including income, savings, employment, family life, and health.

The report found that between 2001 and 2014 owner-occupied houses have declined by 3.5 percentage points from 63.8% in 2001 to 59.7% in 2014.

Rates of home ownership have declined in all parts of Australia, but the extent of the decline varies. The decline was greatest in Victoria (7.8 percentage-points), followed by New South Wales (4.3 percentage points) and South Australia (2.5 percentage points). There was little change in Queensland and Western Australia. Tasmania, the Australian Capital Territory and the Northern Territory were excluded in the measurement due to small sample sizes.

Not unexpectedly the decline in home ownership has been concentrated on those aged under 55. Home ownership

among persons aged 25–34 declined from 38.7% in 2002 to 29.2% in 2014, with much of the decline occurring between 2010 and 2014. Among persons aged 35–44, home ownership declined from 63.2% to 52.4%, and among persons aged 45–54, it declined from 75.6% to 67.4%.

The report also found that the single most important asset component in household wealth portfolios is the family home, accounting for 43% of the value of household assets in 2014.

Falling ownership rates amongst first home buyers are also borne out by ABS statistics on housing finance. The proportion of first home buyers, as part of the total owner-occupied housing finance commitments in May 2016, fell to 14.2 per cent and is the lowest since May 2004. This is despite 18 interest rate cuts in that time.

With first home buyers finding it increasingly difficult to enter the housing market, home ownership in Australia is declining after four decades of stable levels.

With forecast strong population growth in Australia as well as changes in the demographic composition it

is a policy priority that the supply of affordable housing is addressed.

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; development application processes, skills shortages and; lack of urban infrastructure.

At a roundtable discussion on housing affordability convened by the REIA in 2014 with participation by Government and industry leaders from real estate, construction, finance and community sectors, it was agreed that the availability of affordable housing is a goal that is shared by governments and all sectors of the community. It impacts on the functioning of the economy as well as the wellbeing of individuals and the cohesiveness of communities and society. According to the HILDA report owning a home is such a gold standard in Australia that it acts as a predictor of many other social indicators.

The roundtable participants all agreed that a priority policy issue is to address the undersupply of housing.

ACTION ON AFFORDABILITY LONG OVERDUE

» *continued*

REIA strongly believes in the benefits of continuing the high ownership level in Australia, particularly as the population ages, and strongly advocates that the Commonwealth Government take a lead in helping to implement solutions that will assist aspiring first home buyers. Australia needs a suite of measures that both federal and state governments can collectively action. Such assistance should be uniform and should not discriminate between buyers of new or established housing.

Home ownership has always been the biggest single financial commitment that Australians will make in their lifetimes – and the biggest source of financial security as they head into retirement.

Superannuation is the second most important financial asset of Australian households. The HILDA report shows that for men aged 30 to 34 their superannuation balances are on average around \$50k and for women in this age group the average balance is around \$30k. The average balances increase to around \$75k for men and just under \$50k for women in the age group 35 to 39.

Allowing access to a proportion of superannuation funds would help prospective buyers to bridge the deposit gap faster.

Superannuation and home ownership are both components of a retiree's "nest egg" and not competing products. By buying earlier in life retirees have every prospect of having a higher equity on retirement and a larger "nest egg" on downsizing. Too much attention has been focused on the accumulation of a nest egg through superannuation at the expense of other more practical considerations which not only improve the quality of life at an earlier age but result in a greater retirement "nest egg".

Access to superannuation for the purchase of a first home could help reverse the trend of falling home ownership and address the looming significant policy problem of large numbers of long-term renters aged 45 years and over remaining in the rental sector and possibly requiring rental support in later years.

The use of retirement savings for a first home purchase has already proven to be successful in Canada, New Zealand and Singapore.

Much has been written about younger persons having different priorities to their parents. Despite this the dream of owning your own 'castle' has changed little. More and more first home buyers today are buying an investment property that they tend to move into later. A survey by Mortgage Choice last year showed that 36.6% of investors were first-time buyers – up from 21.1% the previous year. This trend is confirmed by a Genworth survey which shows that nearly 30% of first home buyers buying an investment property did so because they weren't able to meet the deposit gap for their desired first home property. A further 24% said that renting out the property helps pay off the mortgage faster.

Whilst increasing numbers of first home buyers are taking this path to home ownership this is not the long term answer. Housing affordability has remained in the "too hard basket" for too long. The release of the HILDA report is a timely reminder that the issue won't go away.



FIRST HOME BUYERS ARE NOT AN ENDANGERED SPECIES

This article is brought to you by



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it's personal

High median house prices, stagnant wages and historically low rates of return on term deposits have made saving for a home deposit tougher than ever. So it's not surprising that the latest ABS data has revealed that first-home buyer owner occupier levels have fallen to their lowest level in a decade.*

While the finding is not great news, it doesn't necessarily mark the beginning of the end for the first home buyer either.

The ABS data doesn't take into account the number of first home buyers who have purchased an investment property as their first home. This trend proved to be a popular way to get onto the property ladder before higher interest rates for investors were brought in to curb investor activity at the end of 2015.

The data also doesn't capture just how resourceful first home buyers are when it comes to finding alternative routes to making it in the property jungle.

More and more first home buyers are returning to the nest to feather their property future. By taking on their parents as loan guarantors they're getting their foot in the door well before they could hope to otherwise.

A guarantor loan can be a great way forward for those fortunate enough to have the option. However it is important for parents who are part of the plan to understand exactly what they're signing up for.

"[A guarantor loan] is a guarantee and all guarantees have risks," said Damian Percy, head of Adelaide Bank. "If it wasn't the transfer of some sort of risk from the

bank to the parents, the bank wouldn't guarantee [the loan] in the first place."

Another option gaining the interest of future property seekers is margin lending i.e. a loan that lets you borrow money to invest and use shares or managed funds as security. While this type of loan also comes with risk, it offers the potential to raise a deposit faster than the savings in term deposit route.

Bendigo and Adelaide Bank's Investment Funds Multiplier is a margin lending product aimed at early 20 somethings who's plans for the future extend further than the latest Nike Airs or music festival tickets. The loan provides the funds to invest in equities and/or managed funds, and starting with \$1000, the client makes contributions of at least \$250 each month, which are matched by the Bank.

Fast forward a few years and the first-home-buyer-to-be has a good basis to go out and get that property loan.

"Over the medium term, the client builds credit worthiness in the eyes of the bank while also steadily building up a portfolio of growth assets," said Keith Hilsdon from Wealth Management at Bendigo and Adelaide Bank. "When it comes time to sit down with their bank to apply for a home loan, they've already demonstrated

their financial discipline, a track record of repaying a loan and invested in assets that have the potential of achieving their home deposit goal sooner."

These are just some of the ways first home buyers are evolving to ensure their survival in an increasingly tough environment. So while the latest ABS data may suggest a decline in their numbers, the resourceful and determined first home buyer looks set to hold their ground whatever the property market may bring.

» Adelaide Bank is a Division of Bendigo and Adelaide Bank Limited. ABN 11 068 049 178, AFSL 237879. Investment Funds Multiplier is issued by Leveraged Equities Limited (ABN 26 051 629 282 AFSL 360118) who are a subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178 AFSL 237879). This information is of a general nature only. This information must not be relied upon as a substitute for financial planning, legal, tax or other professional advice. You should consider whether or not the product is appropriate for you, read the relevant PDS and product guide available at www.leveraged.com.au, and consider seeking professional investment advice. Examples are for illustration only and are not intended as recommendations and may not reflect actual outcomes. Past performance is not an indication of future performance. The information provided in this document has not been verified and may be subject to change. It is given in good faith and has been derived from sources believed to be accurate. Accordingly no representation or warranty, express or implied is made as to the fairness, accuracy, completeness or correction of the information and opinions contained in this article. To the maximum extent permitted by law, no entity in the Group, its agents or officers shall be liable for any loss or damage arising from the reliance upon, or use of the information contained in this article.

* As a share of total home loans. Source: Australian Bureau of Statistics, Housing Finance, May 2016



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WHO WILL TAKE HOME THE TITLE ... THE BEST AUCTIONEER IN AUSTRALASIA?

FINALISTS: NORTHERN TERRITORY



The Australasian Real Estate Institutes' Auctioneering Championship will be held in Alice Springs between 6-8 September 2016.

Morgan Shearer, Chairperson of the Steering Committee, said that this is the most prestigious auctioneering competition in Australia and New Zealand.

"The competitors represent the most professional, skilled and entertaining auctioneers that each state, territory and New Zealand has to offer. Over two days they will compete to determine the best auctioneer in Australasia".

"To win, the auctioneer needs to conduct an auction that is both technically perfect and entertaining", Mr Shearer concluded.

The winner last year was Harry Li from Victoria and is one of the finalists representing Victoria again this year.

A profile of the competitors for the Australasian Real Estate Institutes' Auctioneering Championship for 2016 follows and REIA wishes each and every competitor the best of luck.

Andrew South

Andrew knows Darwin inside out. He grew up there and found his niche in real estate after operating businesses in construction, display & exhibition and signwriting.

Before taking over Complete Real Estate in 2012, Andrew sold residential, commercial and development property for a prominent locally owned agency for 12 years, running a regional branch for five years.

He is a skilled auctioneer and after coming runner-up in his first attempt at competitions, he has won the REINT Auctioneer of the Year three years running in 2014, 2015 and 2016.

Karl Secondis

Karl Secondis has been auctioneering for over 20 years in the Territory and is certainly well known for his passion and success.

He certainly knows his business well and continues to surround himself with the market leaders within the auction fraternity across Australia as it assists him in keeping on top of his game.

Karl also gives back each year to his local community lending his skills as an auctioneer to raise much needed funds for various organisations such as the Starlight Foundation. In the last three years Karl has raised almost half a million dollars from just three charity auction events at the Paspaley Star Ball.

Karl is committed to being the best auctioneer he can be so that he can offer his clients the opportunity to obtain the very best result on auction day.

WHO WILL TAKE HOME THE TITLE ... THE BEST AUCTIONEER IN AUSTRALASIA?

» *continued*

FINALISTS: NEW ZEALAND



Andrew North

Andrew considers himself to be incredibly lucky to be doing a job that he absolutely loves.

He has competed in many auctioneering competitions, with varying degrees of success and is delighted to be participating in his 6th Australasian Auctioneering competition.



Daniel Coulson

As Bayleys National Auction Manager, Daniel heads a team of experienced and seasoned Bayleys auctioneers around the country and is closely involved with delivering ongoing training for auctioneers, managers and sales agents to ensure that they remain relevant and up-to-date with auction best practice.

With an extensive knowledge of property industry fundamentals, Daniel has the ability to put vendors at ease throughout the entire auction process, ensuring they are comfortable and employ the best strategy to attain a premium result.

Daniel has previously won both the REINZ and Australasian Real Estate Institutes' Auctioneering Championships and sees these competitions as the perfect opportunity to enhance his skillset. He looks forward to competing again this year.

FINALISTS: QUEENSLAND



Gordon MacDonald

Working as a leading real estate agent for a decade, Gordon developed a strong commitment to the auction process. Now a full time auctioneer, calling close to 1,000 auctions annually, Gordon works with some of the industry's leading offices and agents and is a senior auctioneer within the Jason Andrew Group.



Justin Nickerson

Justin's unwavering belief and understanding of the auction process is the cornerstone of his working relationships. One of Australia's most highly regarded and awarded auctioneers, Justin is the current 2016 REIQ Auctioneer of the Year having previously won the competition in 2013 as well as being a runner up twice in 2014 and 2015. He was a finalist in the 2013 and 2014 Australasian Auctioneering Championships.

» *article continues*

WHO WILL TAKE HOME THE
TITLE ... THE BEST AUCTIONEER
IN AUSTRALASIA?

» *continued*

FINALISTS: SOUTH AUSTRALIA



Bronte Manuel

The 2015 REISA Auctioneering Championships winner, Australasian Auctioneering Championships contestant and past winner of the Golden Gavel (2014), Bronte has started his auction competition on a high note, having only appeared on the competition scene in the past three years.

Bronte's relaxed country auction style comes from his background in selling Riverland Real Estate. Bronte is focused on his training and hopes to put SA auctioneers on the Australasian map in the not to distant future.



Michael Fenn

Michael Fenn is Principal of LJ Hooker Greenwith/ Golden Grove as well as being a respected corporate auctioneer for the LJ Hooker group.

Michael's talents as an auctioneer began in 2006 – being named as Winner of the Novice Auctioneer competition at the SA Golden Gavel Awards. Since then Michael has gone from strength to strength – a three time Finalist of the Australasian Auctioneering Championships; a three time Finalist of the SA Golden Gavel Awards; and a three time Winner of the SA Golden Gavel Awards 2011, 2012 and 2016!

FINALISTS: TASMANIA



Josh Hart

Twenty six year old Josh Hart is a nationally multi-award winning real estate agent based in Tasmania.

He is a Director and Auctioneer at One Agency, Launceston & Burnie. Hart marries technology, social media and traditional real estate methodologies to both sell and source properties for his clients. He has amassed a highly engaged social following of over 5000, to which he shares the latest on developments in innovations and the future of real estate. Putting his money where is mouth is, he is an investor in both property and technology and advises some of the leading agencies in Australia on his non-traditional approach.



Sam Woolcock

Sam owns one of Launceston's best known and respected agencies, Woolcock Partners. He has extensive experience in the industry having worked throughout Australia and New Zealand with L.J.Hooker before returning to his home state to join his family business.

Sam is passionate about the art of auctioneering and has been instrumental in establishing the 'Tasmanian School Auction Championships' a program designed to introduce school students to the industry.

» *article continues*

WHO WILL TAKE HOME THE TITLE ... THE BEST AUCTIONEER IN AUSTRALASIA?

» *continued*

FINALISTS: WESTERN AUSTRALIA



Frank Torre

Frank Torre's skill and dedication to the art of auctions has not only seen him achieve outstanding sales results, but has garnered him many awards over his career, including "WA Auction Champion", "Highest Dollar Value Sold by Auction" and the "Highest Sale Price ever achieved in Western Australia for a Home Sold at Auction".

His passion for the auction process sees him as the most prolific auctioneer in WA and in particular, the western suburbs of Perth, garnering him a reputation as an agent and auctioneer of integrity, trust and professionalism, values that he instills in his team of agents and auctioneers at House Real Estate.

This passion and dedication to his craft sees Frank as the auctioneer of choice for many agencies, Government Departments as well as the many charities that Frank donates his time and skills to every year.



Tom Esze

Tom Esze commenced his real estate career in February 1987 following a six year engagement in the Australian Army.

Throughout his real estate path he has seen and experienced most scenarios that can happen to an agent, as well as practicing all methods of sale available in the market place. In his own words, "The method of sale by auction is the most accountable and effective process available to the seller and the agent to realise the premium outcome!" He likens the process for an agent to a skillful surgeon, scalpel in hand and performing a routine procedure with true precision and real conclusion!

FINALISTS FROM NSW



Gavin Croft

Gavin Croft is a Director and Head Auctioneer of BresicWhitney and Real Estate Auction Services. He trains and mentors auctioneers from all over Sydney. He is a two-time winner of the NSW Auctioneering Championships. Gavin looks forward to competing again in this year's Australasian Auctioneering Championships which showcases Australia and New Zealand's best auctioneers.



Edward Riley

Edward's natural gift for auctioneering was first noticed in 2001 when he won the NSW Novice Auctioneer Competition organised by the Real Estate Institute of NSW. Since then Edward has auctioned for a number of Sydney's leading franchise and independent agencies, and has been exposed to a great range of both residential and commercial property across the greater metropolitan area of Sydney. Edward is currently working exclusively for McGrath Estate Agents and also generously donates his time to a number of Sydney's charities and institutions, conducting in excess of 50 fundraising auctions each year.

» *article continues*

WHO WILL TAKE HOME THE
TITLE ... THE BEST AUCTIONEER
IN AUSTRALASIA?

» *continued*

FINALISTS: VICTORIA



Harry Li

Through drive and constant improvement, Harry has now become one of the nation's premier auctioneers.

Entering the auction competition year after year is testament of his hunger and attitude in reaching the highest level in auctioneering.

In 2015, Harry broke through and took out the Australasian Auctioneer of the year title. This year, on the back of winning his second Victorian title, he is looking to defend last year's win and keep the trophy in Melbourne for another year.



Tom Roberts

Tom grew up on a family farm in the Western District. This is reflected in his approachable manner and can-do attitude.

Entering the world of real estate 27 years ago, Tom is now a partner in the Carlton North office. He is one of Nelson Alexander's senior auctioneers and has conducted well in excess of 2,000 auctions.

FINALISTS: ACT



Mark Larmer

Mark Larmer has spent more than 16 years selling residential real estate throughout Canberra and has helped over 2,200 clients to date. Mark is both a licensed agent and auctioneer, now working within a team of agents 'OurTeam'. As his business has gone from strength to strength and he has picked up almost every award along the way, including the REIACT 'Salesperson of the Year' and 'Australian Residential Salesperson of the Year 2009' which is the highest award a real estate agent in Australia can obtain. In 2013 he started auctioneering, which resulted in him being awarded both the 2014 and 2015 REIACT Auctioneer of the Year award.



Peter Walker

After 29 years in the real estate industry, Peter continues to remain passionate about real estate and auctioneering, taking advantage of any opportunity to learn and improve. He has been committed to the on-going process of learning and evolving as an auctioneer over the past ten years. Peter has competed in auctioneering competitions during this time and won numerous awards. He was runner up in the REIACT 2014 auctioneering competition and the winner of the All Homes People's Choice award in 2014. Peter was also the REIACT Auctioneer of the Year and Canberra Times People's Choice Auctioneer in 2011, in addition to winning the REIACT Auctioneer of the Year in 2007. Peter's focus is now mentoring a new generation of auctioneers. He holds firm to the belief that 'A society thrives when old men plant trees they won't see grow.'

Australasian Real Estate Institutes' **ACK** DOWN

Auctioneering Championships



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HOW AUGMENTED REALITY TECHNOLOGY WILL TRANSFORM REAL ESTATE

This article is brought to you by Rockend

Real estate is one of the industries that are heavily benefiting from transformative and rapidly changing technology.

The industry is embracing every innovative technology that promises better agent-customer communication and cooperation. Chief among these is augmented reality that now promises to enable players to not only envision but actually experience a property personally without being physically present at a particular scene.

Being a live, direct/indirect view of an actual real-world environment augmented by computer-generated sensory input, augmented reality offers a cornucopia of opportunities for key players in real estate.

Agents and property buyers have already started to enrich their day-to-day dealings with augmented reality. The technology can be applied in virtually every area; from hosting meetings to showcasing property. Here is a breakdown of how this innovative technology promises to transform the industry.

Showcasing property

Marketing in real estate thrives on visual appeal. That can happen in no better way than through showcasing property in the best light.

Real estate professionals already use augmented reality (AR) to bring the traditional, plain print materials like blueprints and photographs to life with interactive and digitally

manipulable representations of the actual property right to the consumer.

The technology is expected to further advance how realtors showcase property in the future. They will be able to use AR technology to pop up life like 3D models of a building or a home in a completely interactive presentation.

Property planning

Investors and contractors are expected to continue using augmented reality in early property planning phases to bring blueprints to life and empower investors as well as contractors to interact with lifelike models of these properties.

With such possibilities, the investors can digitally interact with the models and make desired adjustments on them right before the actual construction is brought to life. This creates assurance of more satisfactory constructions for all stakeholders.

Remote collaboration

Augmented reality will continue to completely transform the way geographically dispersed construction workers cooperate with contractors and investors.

The technology means that no stakeholders will be left out of the

progress of a construction as augmented reality is applied to share details with remote stakeholders. In addition, those who are involved such as investors and contractors can suggest modifications without having to be physically present at the construction scene.

Tours and maps

Real estate will also benefit further from augmented reality technology in terms of interactive and informative tours.

Suppose you are a realtor and you wish to show a home to a customer, you can simply prepare a graphic overlay that takes the customer through everything – right from the history of the home to its recent renovations.

The same can apply where you have to direct a customer to the location of the property under sale. You will be able to utilize graphical overlays for maps that better help in guiding the buyer more efficiently and quickly. Customers can be sure to avoid using confusing maps that could otherwise get them to a wrong direction.

Considering the seemingly endless list of uses of augmented reality in real estate, as it continues to find great application in many areas of business, the real estate industry will be one of the most impacted.



NEW SMALL BUSINESS MINISTER

Meet Australia's new Small Business Minister, Michael McCormack.

McCormack, who is the Nationals federal member for Riverina, tweeted he was “honoured” to take on the role and is looking forward to meeting many of the successful small businesses.

“Having owned and operated my own small business in Wagga Wagga for more than eight years, I understand firsthand the vital role small business plays in many local communities,” said McCormack

“Since coming to Parliament, I have seen how the Coalition’s small business policies, including the instant asset write-offs and a lowering in the company tax rate, have seen an increase in confidence, investment and jobs in the Riverina electorate’s small businesses.

“I am very excited to take on this role and cannot wait to meet with as many small businesses as I can, right across Australia, to hear of their successes and work with them in growing the sector into the future.”

Australian Small Business and Family Enterprise Ombudsman Kate Carnell also welcomed the new appointment,

as well as Turnbull’s pledge to make small business engagement a key performance measure of his Government.

Carnell said she will look to meet with the incoming Minister in the near future, to brief him on the work of the ASBFEO office, and the pressing issues facing the sector.

“Mr McCormack will be a strong advocate for the sector, particularly in rural and regional areas; I congratulate him on his new role and look forward to working with him to assist in the continued creation of policy and legislation that allows this vital sector to grow, innovate and employ,” Carnell said.

“I have every confidence all ministers sitting around the Cabinet table will have small business at the forefront of their minds when it comes to making decisions impacting on the sector. As the Prime Minister himself said, ‘every minister is a minister for small business’.”

McCormack replaces outgoing Small Business Minister Kelly O’Dwyer, who remains the Assistant Treasurer.



Michael McCormack

SMALL BUSINESS MINISTER

REIA has written to the Small Business Minister and other newly appointed Ministers and Shadow-Ministers holding the main portfolios covering REIA issues, congratulating them and seeking meetings to discuss REIA policy priorities.

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ATO's tax tips for small business

This tax time, the ATO is making things easier for small business. Whether you use a registered tax agent or manage your own tax affairs, we have a range of tips and have improved online tools to help you get it right.

Include all your income

It is important to make sure you declare all your cash and online sales in your tax return.

Your income may also include money you have earned from participating in the sharing economy. If for example, you are renting out a room, a car parking space, doing odd jobs such as delivery or cleaning for a fee, or driving passengers for a fare, remember to include this income in your tax return.

For more information visit www.ato.gov.au/Business/GST/In-detail/Managing-GST-in-your-business/General-guides/The-sharing-economy-and-tax/

Don't miss out on deductions

We want small businesses to claim what they are entitled to – no more, no less.

You can claim tax deductions for most costs you incur while running your business. You can generally claim operating expenses, such as office stationery and wages, in the year you incur them. However, you typically claim capital expenses, such as buildings, machinery and equipment, over a longer period of time.

If your home is also your place of business, you can claim income tax deductions for a portion of the costs of owning, maintaining and using your home for this purpose but you must have an area set aside exclusively for your business activities. If you just use facilities in your home to run your business, then you may be able to claim a portion of running costs such as business phone costs, decline in value of furniture, cleaning, heating and cooling costs.

There are some important exceptions you need to be aware of. For example, you cannot claim deductions for private or domestic expenses. You should be aware that entertainment, fines and some other expenses are also specifically excluded from business related deductions.

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For more information go to www.ato.gov.au/Business/Income-and-deductions-for-business/

Check for personal services income

If you are self-employed and paid mainly for your personal efforts, skills or expertise, you may be earning personal services income.

The new Personal services income tool will help you work out if your income is personal services income and if special tax rules apply. If the special tax rules apply to your personal services income they can affect the deductions you can claim and how you report your income. It is available at www.ato.gov.au/calculators-and-tools/personal-services-income-tool/

Simplify depreciation

The ATO knows that working out depreciation deductions can be a little tricky. That's why we have the simplified depreciation rules for small business.

You can use the simplified depreciation rules if your small business has an aggregated turnover of less than \$2 million.

One of the simplified depreciation rules is the instant asset write-off. The instant asset write-off means you can immediately deduct assets bought for your small business, which cost less than \$20,000 in the year that you buy and use them, or install them ready for use.

The increased instant asset write-off threshold of \$20,000 applies from 7.30pm 12 May 2015 to 30 June 2017.

Besides the instant asset write-off, another important rule to remember is that if the balance of your pool for depreciating assets is less than \$20,000, before applying any other



depreciation deduction, you will need to immediately deduct the full amount in your tax return.

For more information on claiming depreciation deductions and working out the balance of your small business asset pool, see www.ato.gov.au/SBdepreciation

Lodge on time

If you are a small business and preparing your own return you must lodge by 31 October. If you are using a registered tax agent they will have different lodgment dates. If you are using a tax agent for the first time or using a different tax agent you need to let them know before 31 October.

If you have employees, you should lodge the PAYG payment summary annual report to the ATO by 14 August each year.

Find out more about myTax

MyTax is no longer just for individuals. In 2016, sole traders who prepare their own tax return will be able to lodge online using myTax.

MyTax has replaced e-tax and is quick, easy, safe and secure way to prepare and lodge your own tax return online. MyTax has been upgraded to include business and professional items sections for sole traders and distributions from a partnership or trust. MyTax also gives sole traders access to new online tools to assist with their tax return.

To use myTax you will need a myGov account. If you use a tax or BAS agent check with them before creating a myGov account.

If you need to complete a partnership, trust or company tax return these will need to be lodged through a tax agent or on paper.

The majority of small businesses, including sole traders, continue to lodge through a registered tax agent.

Make the most of myTax tools

If you're a sole trader planning to use myTax, you will find a number of inbuilt tools to help you save time and avoid mistakes.

The new Depreciation and capital allowance tool will help you work out the deductible amount for your depreciating assets. It will also reduce your search time when determining the effective life of an asset.

The new Capital gains tax record keeping tool can help you calculate your capital gains events. Capital gains events might include the sale of a rental property, vacant land, holiday home, real estate or shares in a company or units in a unit trust.

Get support

If you need assistance from us, you can use our free after hours call back or web chat services to get the help you need, when you need it.

To find out about our range of digital services for small business, go to www.ato.gov.au/sbsupport

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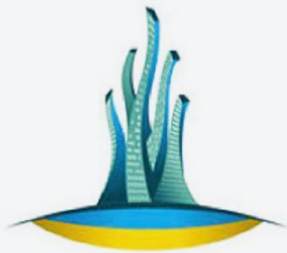
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Odessa, UKRAINE, September 17-20

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It is the annual global event of FIABCI, the most influential International Real estate federation in the world, which is called to gather young real estate professionals with high level real estate experts to share best practice and experience, search opportunities and finally create Global Foresight of the Real estate Market Development and support with mentorship and finances the innovative solutions for the real estate market.

To register click [here](#).



RESIDENTIAL REPORTS: BREAKING NEW GROUNDS IN REAL ESTATE

This article is brought to you by
Kelly Hill, Residential Reports



Residential Reports, a leading and previously awarded small business in Canberra is rapidly approaching the winners circle again this year with two more award nominations. Founded by father and daughter duo, Lindsay Collison and Kelly Hill, Residential Reports is an ACT Telstra Business Awards Finalist as well as being a recent finalist in the Real Estate Institute of the ACT Awards for Excellence in the Service Provider of the Year category.

Specialising in building, compliance, pest and energy efficiency inspections, their clever approach to their market niche has been taking the real estate industry by storm for over a decade. Creating their own game-changing industry software was just the start!

Kelly and Lindsay are determined to expand their Canberra success story and one approach may be into the national market. A respected leader and intuitive entrepreneur, Kelly is becoming a female powerhouse within the very male-dominated building and real estate industry. She's identified an opportunity and is boldly ready to 'go for it'.

The business was founded in 2004, when a change in ACT legislation drove real estate agents and vendors to engage a service provider to deliver mandatory pre-sale inspection reports. Lindsay and Kelly recognised the opportunity this presented for a boutique, small business to fill the emerging service gap. Their idea and the business boomed and an impressive client base of real estate agents built quickly.

"We were good and we were the market leaders but we were also working ourselves into the ground and knew there had to be a better way" Kelly explained.

They realised they needed clever business tools to support their particular reporting niche, but none existed, so they created their own. "People thought we were a bit crazy, especially our accountant! But we knew that if Residential Reports developed an innovative industry software that made our work more efficient, saved time and enabled excellence it would allow for further business growth" Kelly said. "Our new software enabled a mobile reporting system that can be logged consistently, anywhere, anytime, and increased our productivity by 50%."

Residential Reports' investment in their own customised data gathering software was a crucial, bold step which is now leading the industry towards the future. Kelly continued, "To stay ahead in the ever-changing real estate market means we have to embrace new opportunities to expand and grow even further so, we're now investigating expansion plans. Our unique business model and bespoke software will be of great benefit to not only our industry, but potentially other fields."

Day-to-day Kelly and the Residential Reports team are busy providing thorough inspections and easy to read reports. But it doesn't end there because community contribution plays a vital role in this values-based business.

Always on the look out for new charitable opportunities the Residential Reports

team recently cooked for Ronald McDonald house, donate annually to their 'staff choice' charity, lead their own charity campaigns and support the philanthropic initiatives of many real estate agencies across ACT.

"We introduced a very successful "Share what you can" campaign. We asked our clients and partners to leave small perishables on their kitchen bench which we could collect for St Johns Care when we came to do the report. This campaign had an incredible response and we will continue giving back to the community, it's just part of the fabric of our company ethos" Kelly Hill said.

Working at Residential Reports also has some unique differences. The model Lindsay and Kelly established for their business particularly considers the needs of people seeking workplace flexibility. "We have a very hardworking team operating in a dynamic and fluid environment. They have incredible attention to detail and loyalty. We reward their commitment by adopting a very flexible working environment where they are treated like family. This model has secured retention, and most importantly allowed our staff to focus on what is important to them outside work. Finalist status in the ACT Telstra Business of the Year is huge recognition of their efforts and I am really proud of their achievements." Kelly concluded.

Residential Reports was awarded the 2013 ACT Telstra Business of the Year. With two new award nominations at their feet in 2016, it is set to be a big year!



DO YOU KNOW THE INDICATING SIGNS OF A CLANDESTINE DRUG LAB AT YOUR PROPERTY?

This article is brought to you by ASB Environmental

- Is there evidence of pre-paid cash long-term rental agreements?
- Are the windows blacked out?
- Is there evidence of chemical containers lying around?
- Is there a toxic smell?
- Are there always issues upon site inspection times?
- Are there areas you are excluded from inspecting?
- Tennants departed from site leaving a trail of rubbish?

These indicators may point to the presence of a clandestine drug lab or 'cook house'.

You may be exposed to the harmful residual bio film left behind after a 'cook up' and it can be a serious health issue if you make contact with it.

If you are unsure, please call us at ASB Environmental Pty Ltd, as we can offer, testing, training and decontamination Australia wide.

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***If You Don't Go,
You Won't be in the Know.***

2016 REALTORS® Conference & Expo - Overview

Over 20,000 real estate professionals from around the world attend this event, with two goals in mind: networking and education. This year's agenda includes:

- Over 100 education sessions – sort them by topic (international, sales & marketing, hot topics, business technology, etc.) to easily navigate the schedule.
- Trade Expo – get hands-on experience with over 400 exhibitors that will demonstrate the latest and greatest real estate resources and technology.

Country Networking Hours – each country (over 60 represented at the conference) receives a one-hour dedicated networking session in the Global Networking Center on the Expo floor.

At the 2016 REALTORS® Conference & Expo, you'll find all the professional education and personal empowerment needed to take your real estate career to the next level. You'll hear from industry experts at 100 education sessions, get hands-on experience with the latest technologies from 400 exhibitors and learn about the future of the real estate industry from the very people who are helping to shape it. [Register now!](#)

[Click here](#) to visit the 2016 REALTORS® Conference & Expo website for more information.



HOUSING AFFORDABILITY CONTINUES TO IMPROVE IN PERTH

Perth's first home buyer market recorded healthy activity levels in the June 2016 quarter, with the bulk of sales transactions occurring in the \$350,000 to \$550,000 price bracket.

REIWA President Hayden Groves said Western Australia was in a unique position with the easing of property prices in recent times having made home ownership more accessible.

"Across the country, particularly in the Sydney and Melbourne metropolitan markets, first home buyers have found it increasingly difficult to secure their first home as prices continue to rise in those capitals."

"We're very fortunate in WA that home ownership is still accessible, supported in part by the Barnett Government's transfer duty exemptions for first home buyers paying up to \$430,000." Mr Groves said.

This article is brought to you by **Hayden Groves**, President, REIWA and Deputy President, REIA



There was improved affordability across both houses and units in the June quarter.

Perth's preliminary median house price retreated 1.4 per cent to \$522,500 in the three months to June, while the median unit price declined 6.9 per cent to \$406,000 from the revised March quarter median of \$436,000.

"With the bulk of transactions occurring in Perth's lower quartile, it's not surprising that house and unit medians have come in lower over the quarter," Mr Groves said.



CYBER RISK IN THE REAL ESTATE INDUSTRY

This article is brought to you by shane.karutz@aon.com

Consider the sensitive information that your real estate agency currently stores and holds. Cyber criminals seek to steal any minute detail such as individual's name, signature, address, telephone number, date of birth, medical records, bank account details and commentary or opinion about clients.

In its most recent cyber security survey the Australian Cyber Security Centre revealed that in 2014-15, CERT Australia – the national cyber response unit – responded to 11,733 incidents affecting businesses, 218 of which involved systems of national interest and critical infrastructure.

At Aon, we've also witnessed an increase in cyber notifications and in most cases the claims relate to first party hacker damage to websites and computer systems. One particular method being adopted by hackers is the use of Cryptolocker, a ransomware trojan that encrypts your files until a ransom is paid to obtain the decryption key. One recent claim was in excess of \$10,000 as the hackers had disabled the offices anti-virus software and prevented the office recovering from back up. The majority of the costs incurred resulted from decryption recovery, reinstalling the server and reinstating the office computers.

Recently the Panama Papers scandal has also placed cyber threats on front pages of newspapers worldwide.

Business leaders are now keenly aware of the risks and impacts of cyber breach as well as the aftermath of potential loss of business and tainted reputation once clients (landlords, owners or renters) become aware that their personal information has been compromised. The likely advent of mandatory breach notification legislation in Australia means that business leaders need to prepare themselves and their organisations for even greater scrutiny.

Cyber-crime outweighs drug trafficking as the most lucrative form of crime and experts have described how these criminal networks have hierarchies, employees, health-plans, they even have employee performance reviews. These are well established and sophisticated operations.

You need to take control and keep yourself updated about the threat landscape. Engage in a risk mapping exercise with all stakeholders, with a view to being covered for:

- Direct ramifications of a breach both financially and for brand reputation;
- Notification costs (PR budget, call-centre costs and credit monitoring services);
- Investigations response and compliance;
- Compensation to affected individuals;
- Engagement of forensic experts; and
- Defence of claims for misleading conduct, negligence, breach of contract, breach of confidence and privacy compromises.

As subject experts, Aon can provide you with recommendations about risk control, processes and mitigation techniques and perform a gap analysis in regards to current insurance.

To find out more, contact the Aon real estate team on 1800 466 894 or send your enquiry to: au.propertymanagers@aon.com

INDUSTRY UPDATE

Industry news from around Australia



Trust account inspection program 2016-17

This financial year, Consumer Affairs Victoria is continuing to focus on estate agents and conveyancers properly accounting for trust money. Consumer Affairs Victoria will inspect more estate agents and conveyancers (including those issued with a formal written warning).

Auditors must use the audit form approved by Consumer Affairs Victoria

Estate agents must:

- have caused their trust accounts to be audited within three months of 30 June, and
- lodge a copy of the audit report with the Director within 10 business days of receiving it from the auditor.

Conveyancers must:

- have their audit reports completed within seven weeks of 30 June
- lodge a copy of the audit report with us within 10 business days of receiving it from the auditor.

For more about your trust account obligations, view our [Auditing estate agents trust accounts page](#) or [Auditing conveyancers trust accounts page](#).

PSBA Regulations to start 1 August 2016

Real estate agents must comply with the new Property, Stock and Business Agents Regulation 2014 from 1 August 2016.

The proposed changes, which mainly affect residential sales and commercial agents, were originally set to come in on 1 July 2016. How will it affect agents?

Under the proposed Clause 33A of the draft Regulation, if licensees become aware of a physical inspection report of a residential property they are selling, or an inspection of its owners corporation records, they must make a written record of those reports and disclose them to anyone requesting a copy of the sale contract.

An agent must also include in the agency agreement for residential property, the price at which the property is to be offered. This was a previous requirement which is being reinstated following requests by industry.

New additions to the draft regulation have also recently been added to now include clause 33A (4) (e). This requires a record must contain whether the person who prepared the report is insured under a policy of professional indemnity insurance.

The revised draft also includes the clause that if the agreement for the sale of residential property provides it to be offered for sale by private treaty, it must specify the price at which it is offered.

The proposed amendments include two types of exemptions from compliance with the Property, Stock and Business Agents Act 2002. The first is an exemption for agents when managing a property on behalf of an affiliate.

The second is an exemption for agents undertaking commercial property agency work on a property that has a market value of \$40 million or more, or a total gross floor area of 20,000 square metres or more.

NSW: Major changes to strata laws

New strata laws will start on 30 November 2016. They have been modernised to fit the reality of living in a strata

townhouse or apartment today.

The new building defect bond scheme will start on 1 July 2017.

Currently more than a quarter of NSW's population lives in, owns or manages strata.

Many new requirements will not impact strata communities immediately. This includes allowing time for pre-appointed strata managing agents, building managers and executive committee members to continue in their roles once the law reforms start.

Some key changes include:

- strengthening the accountability of strata managers
- allowing owners to adopt modern technology to conduct meetings, vote, communicate and administer their scheme
- the need for owners to review [by-laws](#) (strata community rules) within 12 months, which can be customised to suit their lifestyle – such as whether to allow owners to keep a pet by giving notice to the [owners corporation](#)
- a process for the collective sale and renewal of a strata scheme
- a simpler, clearer process for dealing with disputes
- broadening tenant participation in meetings
- a new option to manage unauthorised parking through a commercial arrangement between a local council and a strata scheme
- a clearer and simpler three-tier renovations process, which waives approval for cosmetic renovations within the strata lot (for example, installing handrails for safety).

There are also measures to reduce red tape, such as simplifying financial statements for owners.

MAKING NEWS

General national news



Australian business confidence jumps to highest level in over five years

Business confidence rose by nine points this quarter, to now sit at the highest level in more than five years among Australia's small and medium businesses (SMBs), according to the latest Sensis Business Index (SBI) survey.¹ (*1 Long term trends in business confidence among small and medium businesses 2009-2016*).

Sensis Chief Executive Officer, John Allan said: "While sales and employment improved and prices remain positive, wages and profitability went backwards this quarter. These are not the results you would expect to see when confidence has lifted to a five year high.

"Rather than being driven by these indicators, confidence is instead being driven by perceptions that the overall economic environment is improving. On top of this, the non-cyclical influences remain strong, with businesses continuing to feel particularly positive about their own specific business strengths."

The net balance score of +44 – the difference between the number of confident SMBs (60%) versus the number of worried SMBs (16%) – is the highest business confidence score recorded since March 2011. The Index, which reflects the views of 1,000 small and medium businesses from across Australia, also found that perceptions of the economy improved by 14 points this quarter, although they remain negative overall on -8.

"Concern about the economic environment has halved, with only one in twenty businesses now worried, while the number of businesses reporting a lack of work or sales as a barrier to taking on new staff fell from 51% to 38%; the lowest level we've seen since September 2014."

At the state level there were confidence gains everywhere except for Tasmania and the Northern Territory. New South Wales extended its lead, while Western Australia is now the least confident state. South Australia is finally off the bottom, following a 24 point rise in confidence.

Small and medium businesses comprise 99 per cent of all businesses operating in Australia.

Beware of business scams impersonating the ACCC

The Australian Competition and Consumer Commission is warning businesses to watch out for scam emails that claim to be from the ACCC but in fact contain links that can infect your computer with malware. In the past few weeks, several businesses have reported receiving bogus requests from the ACCC to respond to a complaint that has been made about their business, or seek payment for an infringement notice for breach of copyright.

Both scams encourage the recipient to find out more by either clicking on a link disguised as a .pdf file or responding to contact details in the email. In the first scam, the embedded link is actually a .zip file that will download malware on to your computer or device.

"The ACCC is warning people that there are scammers trying to use the ACCC's name to try and to steal money from businesses. People should be on the lookout for ransomware, which is a type of malware that freezes your computer and demands a ransom for you to be able to access your computer again. Scammers commonly ask for bitcoins or ask you to transfer money by wire transfer but even if you pay the fee, there is no guarantee that your computer will be unlocked," ACCC Acting Chair Dr Michael Schaper said.

Australian government agencies do not use free web based email accounts like outlook.com and our emails end with .gov.au, not .govt.au. If you hover your mouse pointer over links they will generally display the real address or file name. Zip and .exe files are easily disguised as pdf files but can contain malware.

Dwelling approvals fall in June

The number of dwellings approved fell 0.9 per cent in June 2016, in trend terms, according to data released in early August by the Australian Bureau of Statistics (ABS). This is the second successive monthly fall.

Dwelling approvals decreased in June in Western Australia (5.2 per cent), Tasmania (3.7 per cent), Queensland (3.2 per cent), Australian Capital Territory (2.8 per cent) and Victoria (0.1 per cent), but increased in the Northern Territory (3.6 per cent), South Australia (1.6 per cent) and New South Wales (0.8 per cent) in trend terms.

In trend terms, approvals for private sector houses fell 0.6 per cent in June. Private sector house approvals fell in Western Australia (3.5 per cent), Victoria (0.6 per cent), Queensland (0.5 per cent) and South Australia (0.3 per cent). Private sector house approvals rose in New South Wales (0.9 per cent). In seasonally adjusted terms, total dwelling approvals decreased 2.9 per cent, with both total other residential dwelling approvals (3.4 per cent) and total houses (2.4 per cent) recording falls. The value of total building approved rose 1.2 per cent in June, in trend terms, and has risen for six months. The value of residential building rose 0.1 per cent while nonresidential building rose 3.7 per cent.

POLITICAL WATCH

Information and news from government



17 Year low in CPI good news for home buyers and renters

The June 2016 quarter CPI figure is good news for home buyers and renters.

“Overall, the All Groups CPI, increased by 0.4% in the June quarter giving an annual increase of 1.0% – the lowest annual changes since June 1999. These figures are well below the RBA’s target zone of 2-3%. The annual changes for the analytical series of trimmed mean and for the weighted median were 1.7% and 1.3% respectively. This is the lowest annual increase since the two series were introduced in June 2003 and should provide scope for an interest rate cut when the RBA Board meets next week” the President of the REIA Mr Sanders said.

“The Housing Group increased by 0.4% for the quarter and 1.3% for the year to June 2016 with rents increasing by just 0.2% for the June quarter and 0.7% for the year.”

“From 2013, when investment in housing started to pick up, we have seen the rate of increase in rents slow down in Australia. The annual increase in rents to June has been the lowest since December 1994.”

“The latest CPI figures provide further evidence that the current taxation arrangements which provide many Australians with the opportunity to invest in property adds to the housing supply and keep rents lower than they would otherwise be.”

“With the CPI figures always a central component of the RBA’s decision, the latest inflation data looks like being the trigger for a rate cut next week. A cut following the one in May will improve affordability for existing and prospective home buyers,” concluded Mr Sanders.

Victoria launches red tape review to cut back regulatory barriers for small business

The Victorian Government will conduct a red tape review to reduce the burden of regulation and compliance on small businesses across the state.

Speaking at the launch of the Victorian Small Business Festival recently, the state minister for small business and innovation Philip Dalidakis launched the review after sharing his personal struggles with red tape. Prior to entering parliament, Philip Dalidakis ran his own small business for two and a half years

According to the Victorian government small businesses in Australia spend an average of five hours a week on red tape.

“We don’t want to saddle the business community with an unnecessary burden or drain in compliance costs.” Small businesses are the backbone of our strong economic growth, they bring people and communities together and support local jobs – we are making sure their time and resources are free of burdensome red tape.” said Dalidakis.

The state’s red tape review will run over the next two years and will examine more than 500,000 small businesses, starting with those in the retail sector.

As part of the initiative, the Labor Government will release an issues paper on August 1 to spark a direct conversation with small businesses across the state on which areas of compliance are most burdensome.

The state government will also hold a series of roundtable events across Melbourne and regional Victoria [inviting small retailers](#) to attend and share their regulatory concerns and frustrations.

Misleading consumers is everybody’s business

The Office of Fair Trading (OFT) in Queensland is reminding property developers, business owners and real estate agents of the need to pay close attention to the accuracy of their advertising after issuing a \$10,800 fine to Stockland North Lakes Pty Ltd, part of Stockland Corporation Limited.

Stockland, developer of the ‘SoLa’ residential property development in North Lakes, advertised properties as being a 22 minute train trip to the city, along the Moreton Bay rail link currently under construction. The Moreton Bay rail draft timetable puts the trip at 46 minutes, more than double the time period represented.

Following the OFT investigation, Stockland corrected its advertising, advised potential customers of the error, and paid a \$10,800 civil penalty notice.

Fair Trading Executive Director Brian Bauer said while there was no evidence Stockland had deliberately set out to mislead consumers, taking the time to ensure the accuracy of all claims made in advertising was essential.

“Consumers have the right to expect that claims made by businesses are accurate, can be substantiated, and can be relied upon in making a purchasing decision,” Mr Bauer said.

“The family home is the most significant purchase most consumers will ever make, so any representations made, particularly about its location, need to be accurate to ensure potential buyers can properly assess the value of that property. Representations claiming low travel times are designed to increase consumer interest in property, by demonstrating a quick and easy commute to the central business district.

THE WORLD

Property news from around the world



UK interest rates cut to lowest ever at 0.25% in boost for home borrowers

The decision by the Bank of England to cut interest rates in the UK to their lowest ever level at 0.25% is not expected to have a major impact on the general property market but it is a signal that borrowing on a home is not likely to rise in the near future.

It is the first time that the interest rate has been cut for seven years and some experts had even been predicting that it might rise but the potential economic fallout due to Brexit has ensured that borrowing will remain historically low.

However, some parts of the real estate market could see an effect. According to Andy Pyle, UK head of real estate at KPMG, it will depend on location and price. 'Whilst a number of overseas investors are being cautious, others are attracted by the depreciation in sterling enabling them to buy more cheaply, and the reduction in interest rates has already had an impact on the value of the pound,' he said.

Adam Challis, Head of residential research at JLL, pointed out that the reduction will signal to mortgagors that cheap mortgage rates will be around for even longer. 'This will benefit many would be home movers and we are encouraged by the Term Funding Scheme that will ensure lenders pass on most of the rate reduction to consumers,' he said.

'More important for the housing market is a strong, stable economy and the rate cut will help. Post-referendum we need greater certainty that will encourage house builders, protect jobs, and

ultimately provide a range of housing that people can afford,' he added.

While it will be welcomed by many home owners, Mark Hayward, managing director, of the National Association of Estate Agents (NAEA) explained that for future first time buyers saving for a deposit on their first home they face getting less interest on these savings.

More first time buyers boost existing home sales in the US

Boosted by a greater share of sales to first time buyers not seen in nearly four years, existing home sales in the United States maintained their upward trend in June and increased for the fourth month in a row.

Only the Northeast of the nation saw a decline in sales in June and sales to investors fell to their lowest overall share since July 2009, according to the latest monthly index from the National Association of Realtors (NAR).

Existing home sales were up 1.1% to a seasonally adjusted annual rate of 5.57 million in June from a downwardly revised 5.51 million in May. After last month's gain, sales are now up 3% from June 2015 and remain at their highest annual pace since February 2007.

According to Lawrence Yun, NAR chief economist, the four month streak of sales gains through June caps off a solid first half of 2016 for the housing market. 'Existing sales rose again last month as more traditional buyers and fewer investors were able to close on a home despite many competitive areas with unrelenting

supply and demand imbalances,' he said.

'The index data also shows that median existing home prices for all housing types in June was \$247,700, up 4.8% year on year and it means that prices have now increased for 52 months in a row and surpass May's peak median sales price of \$238,900.

Hong Kong saw residential property prices stabilise in June

Residential property prices in Hong Kong stabilised in June with more activity mainly in the primary sector, as developers launched new projects with deep discounts and other enticements.

According to the Land Registry, residential sales in June edged up 0.7% month on month, reaching 4,620 units. The gain was attributed mainly to robust activity in the new homes market.

Meanwhile there have been more home buyers returning to the market looking for bargains, according to the latest monthly market review report from international real estate consultants Knight Frank.

Interest in the ultra-luxury residential market showed no signs of abating. For example, the top floor unit in Severn Villa on the Peak sold for HK\$232 million or HK\$170,463 per square foot, making it the most expensive apartment in Hong Kong.

Knight Frank believes that high net worth individuals are expected to continue acquiring premium residential properties in Hong Kong given their scarcity and high status.

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