REIANEWS

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2016 AUSTRALASIAN REAL ESTATE INSTITUTES' AUCTIONEERING CHAMPIONSHIPS IN ALICE SPRINGS

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Mr Neville Sanders
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the September edition of REIA News.

This month we feature coverage of the Australasian Auctioneering Championships (AAC) held in Alice Springs on 6 to 9 September. I'm glad to report that for the second consecutive year Australia retained the title amongst very strong competition from New Zealand. This year's winner was Justin Nickerson of Queensland who is also the current REIQ Auctioneer of the Year. For the first time the national event held the Australasian Auctioneering Schools Championship which was won by Carlton Heres of Scotch Oakburn College, Tasmania. Based on the success of the inaugural schools competition I am sure that we will see many more schools competing next year.

The REIA looks forward to next year when the Real Estate Institute of South Australia will host the Championships in Adelaide.

In a follow up to last month's article on declining home ownership and affordability this month we explore how delays in getting local Council planning approvals add to the cost of a new home.

Mr Neville Sanders

REIA PRESIDENT

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

IMPROVING AFFORDABILITY BY REDUCING PLANNING TIMES

Last month I wrote about housing affordability and outlined that it 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. This month I will explore how local Council planning delays add to the cost of a new home through additional land tax, council rates, holding costs and interest on loans accrued during the period.

Urbis, property consultants, undertook a study for the Property Council of Australia using Queensland as an example to calculate the cost to homebuyers of Council delays in greenfield sites.

The study: noted that in south east Queensland there are three main approaches to planning for greenfield residential land; examined the different legislated timeframes and processes that must be followed in each case, and; then costed the differences.

The three main approaches to planning greenfield developments in this area of Queensland are: Priority Development Areas (formerly Urban Development Areas [UDA]) administered under the *Economic Development Act 2012*; Master Planned Areas administered by local governments through superseded provisions under the *Sustainable Planning Act 2009*, and; Local Government Process administered by local governments under the *Sustainable Planning Act 2009*.

It was found that on average UDA approval, takes less than four years, while approval under the Local Government Process takes twice as long, at an average of eight years. These timeframes are based on when the approval process started under each identified planning approach, not when planning for each development began.

By contrast, the study noted that under the ‘rezoning’ process of the Metropolitan Planning Authority in Melbourne construction-ready residential land to market is on the market within two years. Queensland is not, however alone, in delays of this magnitude. Similar constraints were found in other parts of Australia.

When these differences in time frames were costed the study estimated that if all approval timeframes could be shortened to reflect the average UDA approval timeframe, the average lot price could be reduced by $21,153 per lot or 8.8%. If Queensland developments could be rezoned within the same two-year timeframe in Melbourne, the lot price would be reduced by $36,800 or 18.1%.

Whatever the actual numbers are in each jurisdiction, it is clear that reviewing approaches to approval processes and implementing best practice can lead to considerable savings for home buyers both initially and over the term of a loan.

2016 AUSTRALASIAN REAL ESTATE INSTITUTES' AUCTIONEERING CHAMPIONSHIPS IN ALICE SPRINGS

1 The five finalists (left to right); Gavin Croft, Andrew North, Justin Nickerson, Daniel Coulson and Harry Li

2 Justin Nickerson, Auctioneering Championships 2016 winner

The battle between Australia and New Zealand is most famously played on the rugby field, but earlier this month it was in Alice Springs, where the two countries thrashed it out for supremacy at the 2016 Australasian Real Estate Institutes' Auctioneering Championships – the premier auctioneering event in the region.

The finalists who battled it out for the 2016 title were Justin Nickerson from Queensland, Gavin Croft from New South Wales, last year's winner Harry Li from Victoria and Andrew North and Daniel Coulson both from New Zealand.

At the gala dinner at Ooraminna Station Homestead out of Alice Springs, Justin Nickerson was announced as the title holder after a tight contest between the outstanding finalists. Justin is the current REIQ Auctioneer of the Year and was a finalist in 2013 and 2014 Australasian Championships. Queensland last held the Australasian Real Estate Institutes' Auctioneering Championship title in 2010 and are delighted to have the title again.

Judges decided on a winner after the five finalists were briefed and auctioned a property to mock-sell under the hammer. The property used was a large two storey family home on an acre of land on the edge of Alice Springs which has an income stream from a B&B business. The bidding was fast and furious. It was very exciting and highly entertaining.

The championships are an annual event and are open to the public. They provide an opportunity to see the best auctioneers in action, being tested on their knowledge of best practice and legislation, as well as on their performance in a simulated auction situation that

» *article continues*

2016 AUSTRALASIAN REAL ESTATE INSTITUTES' AUCTIONEERING CHAMPIONSHIPS IN ALICE SPRINGS

» *continued*

3

4

5

3 Auctioneering Championships trophy

4 Carlton Heres, Schools Championship

5 All the 2016 Auctioneers (left to right); front row: Andrew South, Daniel Coulson, Harry Li, Justin Nickerson, Michael Fenn, Gavin Croft, Frank Torre, Karl Secondis, Andrew North, Peter Walker; backrow: Tom Esze, Mark Larmer, Edward Riley, Gordon MacDonald, Josh Hart, Tom Roberts, Samuel Woolcock and Bronte Manuel

includes complex bidding sequences and testing questions. The Australasian Auctioneering Championships hosted 23 auctions over two days. The quality was truly exceptional with participants creating momentum in the bidding, while building rapport with the crowd.

This year we had the added bonus of running the inaugural Australasian Auctioneering Schools Championship which was won by Carlton Heres of Scotch Oakburn College, Tasmania. It was great to see the youth and vitality of the next generation of prospective auctioneers. Building on this year's success of the School Championship more contestants are expected next year.

The standard of the competition is always very high and the Real Estate Institute of South Australia looks forward to hosting the Championships in Adelaide in September 2017. More details will be provided in REIA News closer to the event.

NATIONAL MARKET SNAPSHOT

EXTRACTED FROM REAL ESTATE MARKET FACTS JUNE QUARTER 2016

- *Quarterly Australian weighted average median house price is $698,215*
- *Quarterly Australian weighted average median other dwellings price is*

$545,099

Median house prices up:

Sydney 2.1% to $1,023,192
Melbourne 3.6% to $725,000
Brisbane 1.2% to $495,000
Adelaide 2.4% to $450,500
Canberra 1.5% to $579,000
Hobart 2.6% to $395,000

Median house prices down:

Perth 0.9% to $525,000
Darwin 1.1% to $576,000

Median other dwelling prices up:

Sydney 0.4% to $671,994
Melbourne 2.3% to $538,500
Adelaide 3.1% to $335,000
Hobart 2.7% to $285,500

Median other dwelling prices down:

Perth 6.9% to $405,000
Canberra 1.6% to $411,000

Median other dwelling price

Unchanged:
Brisbane at $400,000
Darwin at $500,222

Vacancy rates

Sydney 1.8%
Melbourne 2.7%
Brisbane 2.8%
Adelaide n/a
Perth 6.0%
Hobart 2.6%
Darwin 6.4%
Canberra 2.5%

NATIONAL AFFORDABILITY SNAPSHOT

EXTRACTED FROM ADELAIDE BANK/REIA HOUSING AFFORDABILITY REPORT, MARCH QUARTER 2016

	June 2016	March 2016	June 2015
Proportion of family income required to meet:			
Home loan repayments	29.4%	30.0%	30.3%
Rent payments	24.8%	25.1%	25.0%

NSW is the most unaffordable state or territory in which to buy or rent.

Victoria recorded the biggest quarterly increase in the number of loans to first home buyers across the nation.

Queensland recorded no change in housing affordability over the quarter.

South Australia had the biggest annual increase in the average loan size across the country.

Western Australia has Australia's highest proportion of the owner-occupier market being first home buyers.

Tasmania recorded the biggest annual increase in the number of loans to first home buyers across the nation.

The **Northern Territory** had the biggest annual decrease in the average loan size across the country.

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

This article is brought to you by Balveen Kaur, Research Lead, REIWA

WHAT IS THE DIFFERENCE BETWEEN A MEDIAN PRICE AND AN AVERAGE PRICE?

The median price is the middle price in a series of sales, where half of the sales are of lower value and half are of higher value.

For example, if there were 51 sales recorded in a suburb and arranged in order from lowest to highest value; the 26th figure is the median price of the suburb. In other words, there will be 25 sales priced below the median and 25 sales priced above the median.

An average price is a representative measure of a range of prices that is calculated by taking the sum of the values and dividing it by the number of prices being examined.

Median prices may be a better indicator than average prices because median prices are unaffected by outliers (an extreme value which is unusually high or low that differs greatly from other values), making them a more accurate indicator of true market activity.

Nevertheless, medians reflect an overall trend in house prices over a certain period of time and are used as a guide only. It's important that along with median price, many other factors are considered when seeking the sale price for a property.

» *First published in reiwa.com*


propertytree
powered by rockend

DEVELOPMENT SCHOLARSHIPS FOR WOMEN LEADERS IN THE REAL ESTATE PROFESSION

WOMEN & LEADERSHIP AUSTRALIA

$4,000 scholarships are now being awarded to female leaders across the country to support the nationwide launch of Executive Ready – WLA's new flagship development program for mid to senior level managers.

Informed by the experiences of hundreds of talented and respected women across all industries, Executive Ready is a leadership accelerator designed to stretch participants and propel them towards executive level performance, behaviours and mindsets. Developed by the country's foremost authority on women leaders and their unique needs, Executive Ready is for women who want to lead more confidently, transform the performance of their team and fully realise their future career/life potential.

The program's content is purpose designed to extend leadership ability in preparation for future advancement. Due to its applied nature and performance orientated outcomes the program is also appropriate for leaders looking to consolidate their current position and independent business owners looking for practical advice and strategy to transform the performance of their staff.

To view the Executive Ready program prospectus, click here.

To view WLA's suite of women's development programs, click here.

Please note: Scholarships cover approximately 40% of the total enrolment fee.

Nomination Process

To make a scholarship enquiry, please respond via email and include the details below. A program expert will then make contact to discuss current opportunities in your state:

Name:
Position title:
Email:
Phone:
Should you have any questions, please contact 1300 735 904 or email Nick Williams on nwilliams@asam.edu.au

This article is brought to you by Mal Smith, Chief Executive of REI Super

GOOD NEWS FOR REI SUPER MEMBERS

Members of real estate industry super fund REI Super received their Annual Member Benefit statements recently.

The statements detailed the strong performance of the fund at a time of share market volatility.

REI Super CEO Mal Smith said the fund had achieved above median investment returns for the year on its Balanced option, and was also named by SuperRatings as one of only eight super funds to have doubled members' money since the GFC.

"We're extremely proud of these achievements. Our priority is to deliver strong, long-term investment returns for our members. "In a period of market volatility, our robust approach to investment decision making has held us in good stead, and we have delivered above average investment returns to our members."

Mal Smith said Annual Benefit Statement season was the ideal time for super fund members to do a 30-minute health check on their super. "When you get your Annual Benefit Statement it has all your most up to date super information, so it's a really good time to do a quick super health check." This includes:

- if you have multiple super accounts, consolidating your super into one account so you are not paying multiple sets of fees
- ensuring you are in the right investment option for your level of comfort with investment risk
- considering voluntary super contributions if you need to boost your account; and
- checking your level of insurance cover is right for your needs.

"It is also a good time to double check that all the contributions you expected from your employer have been promptly credited to your account. REI Super advisers can help you do a 30 minute health check – you just have to call 1300 13 44 33."

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

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.

CALL FOR SUMMIT ON HOUSING AFFORDABILITY

This article is brought to you by Graham Young, Australian Institute for Progress

It is time for a summit on housing affordability to address problems, most specifically the deposit gap.

According to the most recently released Hilda survey, barely half of all adults are classed as being home-owners in 2014 (51.7%) down from 57% in 2002.

Australian governments since Menzies have believed in home ownership as a community, as well as a personal, good.

As a result home ownership receives taxation and other concessions. It is capital gains tax free, generally not subject to land tax, not counted in the assets test for Centrelink, and imputed rents are not taxed either (as they are in some overseas jurisdictions).

We also know that being a renter is the greatest indicator of financial distress in retirement.

So a decline in home ownership of 10% should concern government.

The major cause of the decline is obvious. We analysed house prices and the cost of paying back a loan over 25 years since 1991.

We expressed values of houses and the cost of repayments in multiples of average annual earnings to best take account of relativities over time.

Measured this way the value of the average house had risen substantially across the country from a low of 25% in Hobart to a high of 83% in Melbourne. In all cases repayments, measured on the same basis, were actually lower.

The same is not true for deposits. If you assume that a saver can save 10% of their before-tax income each year, then the time that it would take a single saver to save a deposit in Sydney has blown out from 14.3 to 23.8 years. Brisbane and Melbourne had similar blowouts, the others less so.

It's the deposit gap stupid!

Fewer people can afford a deposit, and for those who can, purchase has to be delayed even longer as they save.

In other cases buyers will be permanently discouraged, and find the present benefit of spending now, say

» *article continues*

CALL FOR SUMMIT ON HOUSING AFFORDABILITY

» *continued*

an overseas holiday, more attractive than the deferred benefit of investing.

The government has an array of tools that it can use to address this problem.

The first is to shine a spotlight on it, and a summit is the best way of doing that, bringing together all of the interested parties, which should not just include real estate, but also industry and welfare interests.

A summit can be used to raise awareness of the benefits of owning a house, as well as sending a cue to state and federal bureaucrats that this is an issue needs to be addressed.

And a summit can look at potential ways of tackling the problem.

We have identified a range of potential initiatives. A common one, is the first home grants that state and federal governments have offered at various times. While these do inflate house prices, at the same time they simultaneously reduce the difficulty in saving the deposit.

However as a taxpayer gift to first home buyers, and with a difficult-to-measure social payoff, they are expensive.

A better way would be to view homeownership as part of a savings retirement policy and recognise that it and superannuation should be seen as a package. We are all forced to save a minimum of 9.5% of our income. Allowing first home buyers to access this saving will reduce the time it takes them to get a deposit together, give them more disposable income over their lifetime, and enhance their security in old age.

An alternative to the first home grant would be for the government to guarantee some proportion of a housing loan for first home buyers, so as to allow banks to advance against a higher loan-to-value ratio. While there might be some defaults it would be cheaper than just giving the money away.

There are other candidates, some of them involving tweaking existing lending practices, or making it easier for parents and relatives to provide an intergenerational deposit bridge by using equity in their home to support a loan, for example.

Longer term solutions would involve reforming planning legislation to make town plans more responsive to demand, so that supply more readily matches demand.

The HILDA figures are dire, and they demand a serious response which should be towards the top of the list for a new government.

And the government has other reasons other than just helping potential home buyers.

With the economy just above stalling, and the government requiring reasonable economic growth to lift revenue to meet costs and pay back debt, anything which keeps house construction going is an added bonus.

INDUSTRY UPDATE

Industry news from around Australia

Annual leave changes to industry awards

Real estate agents can now cash out leave early and take it in advance in certain circumstances, thanks to changes to the industry awards.

Both the real estate industry and clerks' awards have been amended to reflect the decision of the Fair Work Commission on the common issue of 'annual leave'.

The changes started from the first pay period after 29 July 2016.

The changes will affect:

Cashing out of leave

Employees can now 'cash out' a limited amount of accrued annual leave, if:

- not less than four weeks' annual leave remains after the cashing out
- there is a signed written agreement between the employer and the employee
- no more than two weeks' annual leave is cashed out each 12 months.

Taking annual leave in advance

Employees are allowed to take annual leave before it has been accrued, provided that:

- the employer and employee agree in writing
- the agreement is signed by both parties
- the agreement states how much leave is being taken in advance
- the agreement states the day upon which the leave will start.

Managing excessive leave balances

If the employer and employee cannot agree on how to reduce or eliminate excessive annual leave, the employer can direct the employee in writing to take an amount of annual leave.

However, this direction is subject to the following limitations:

- the employee must be left with an annual leave balance of not less than six weeks
- the leave directed to be taken must be not less than one week
- the direction must give the employee at least eight weeks' notice of commencing the leave.

The same provisions will apply for an employee wanting to take annual leave.

Strata roadshow coming to town

NSW Fair Trading is partnering with the Strata Community Australia and Real Estate Institute NSW to run a roadshow of workshops in preparations for the introduction of new strata laws which come into effect on 30 November 2016.

The roadshow will provide an opportunity for professionals as well as owners and tenants to find out all about the changes prior to their commencement.

Strata owners and tenants are invited to attend free workshops from 5pm to 7pm.

Tickets for industry professionals and the complementary workshops can be booked at www.ivvy.com/event/DOQ2Q2/

In addition, Fair Trading will run a series of free public information seminars from September to November, providing owners, tenants and strata and property managers with a further opportunity to learn more about the new regulations.

The new regulations will improve strata living for the 2 million people living and working in strata schemes across the state.

The laws will empower owners and tenants in strata schemes to shape their community rules; improve the accountability of strata managers; allow owners and residents to use modern technology to participate in strata meetings; establish a transparent process for the collective sale and renewal of strata schemes; and introduce a simpler, clearer process for approval of minor renovations.

The regulations include measures to reduce red tape, such as simplified financial statements for owners and a clearer, modernised set of model by-laws that owners corporations can use when reviewing their own current by-laws.

A copy of the new regulations are available at www.fairtrading.nsw.gov.au

MAKING NEWS

General national news

Dwelling approvals rose in July

The number of dwellings approved rose 0.2 per cent in July 2016, in trend terms, and has now risen for eight months, according to data released by the Australian Bureau of Statistics (ABS) today.

Dwelling approvals increased in July in New South Wales (2.4 per cent) and Victoria (0.5 per cent) but decreased in Tasmania (3.7 per cent), Northern Territory (3.2 per cent), Australian Capital Territory (2.6 per cent), Queensland (1.8 per cent), South Australia (1.8 per cent) and Western Australia (1.8 per cent) in trend terms.

In trend terms, approvals for private sector houses fell 0.5 per cent in July. Private sector house

approvals fell in South Australia (1.6 per cent), Western Australia (1.5 per cent) and Victoria (1.1 per cent). Private sector house approvals rose in Queensland (0.8 per cent) and were flat in New South Wales.

In seasonally adjusted terms, total dwelling approvals increased 11.3 per cent, driven by a rise in total other residential dwelling approvals (23.4 per cent). Total house approvals fell 0.6 per cent. The value of total building approved rose 1.9 per cent in July, in trend terms, and has risen for seven months. The value of residential building rose 0.9 per cent, while nonresidential building rose 3.9 per cent.

Updated flood mapping welcomed

The real estate industry in Brisbane has welcomed news that the Brisbane City Council has updated flood risk assessments and will also update flood map overlays, which will help people more accurately assess flood risk when buying property.

REIQ CEO Antonia Mercorella said that anything that helped a purchaser to do their due diligence – especially for free, as it is in this case – in an easy and accessible way like the Brisbane City Council Flood Map, is to be lauded.

“We welcome this additional information, however, people do need to use a tool like this with the understanding that it deals with generalities, to a degree.

“While reasonable efforts are made to ensure that it is based on facts and research as much as possible, predicting the future is always hard, especially where weather is concerned.

“We also need to recognise that while it may be frustrating for people who feel the map is updating often and not giving enough steady certainty, research and technology is improving all the time and this means that tools like this will be constantly under refinement,” she said.

“Also, when you choose to live in a river city, and in a sub-tropical climate such as Brisbane, you do need to accept that there are certain risks and one of those risks is flooding.

“We can’t predict with 100 per cent certainty when the river will flood, how high waters will rise, and identify every house that will be put at risk, so we need to factor that uncertainty into our decision making and make the choice we can comfortably live with.

“This also highlights the importance of the appropriate insurance coverage, something people often overlook,” she said.

POLITICAL WATCH

Information and news from government

Research into Victorians' rental experiences published

Research commissioned by Consumer Affairs Victoria has provided an insight into the experiences of Victorian tenants and landlords in 2016.

Conducted by EY Sweeney, the independent research collected the views of more than 2000 people. It involved surveys and interviews with tenants, landlords, property managers and people living in caravan and residential parks, and covered a wide range of topics.

The findings will help to guide options for reform to the *Residential Tenancies Act 1997* , which is undergoing a comprehensive review due for completion in 2018.

The data collected, along with submissions and contributions made to the review, will assist in the development of options for reform to be presented for public consultation later this year.

To view the full results of the research into Victorian rental experiences, visit the Fairer, Safer Housing website.

ACCC proposes to deny authorisation of real estate advertising collective negotiations

The Australian Competition and Consumer Commission has issued a draft determination proposing to deny authorisation to Property Media Group Pty Ltd (PMG). PMG is seeking to collectively bargain and boycott suppliers of online and print real estate advertising, including realestate.com.au and domain.com.au.

PMG made the application for authorisation on behalf of itself and 170 real estate agents ranging from individual agents to representatives of large franchise groups.

"While the ACCC considers that collective bargaining and boycott action can be in the public interest in certain circumstances, we are not satisfied that the conduct proposed by PMG would result in significant public benefits," ACCC Commissioner Roger Featherston said.

"The ACCC is particularly concerned by the potential size and scope of collective bargaining groups and boycott activities, combined with uncertainty about how PMG will ultimately conduct negotiations and implement any boycotts."

PMG has sought authorisation for the conduct because it sees realestate.com.au and domain.com.au as having significant market power, charging excessive prices and essentially forcing real estate agents on to premium contracts.

However the ACCC considers that while realestate.com.au and domain.com.au have some market power, there is evidence of competition, both between each other and from other small and mid-tier players. The ACCC also received information which shows that real estate agents can and do enter into a diversity of contracts and listing types, including within the same region.

The ACCC is now seeking submissions from Property Media Group and interested parties in relation to its draft determination, before making a final decision, expected in October 2016.

THE WORLD

Property news from around the world

New Zealand 'wins gold medal' for housing unaffordability as house prices outpace income growth and rents

New Zealand house prices are the most expensive compared to people's incomes of any country in the developed world, according to a report by the International Monetary Fund (IMF).

The IMF's Global Housing Watch Report has ranked the House Price-to-Income Ratios of 31 countries in the Organisation for Economic Co-Operation and Development (OECD) and New Zealand sits at the top of the list, just ahead of Austria, Sweden, Germany and the UK, and well ahead of Australia which was ranked tenth on the list.

The report also found that New Zealand had the fifth highest House Price-to-Rent Ratio in the OECD, beaten only by Turkey, Sweden, Germany and Israel, and well ahead of Australia which was thirteenth.

Canada is in Extreme Bubble Territory

Jared Dillian, former Lehman Brothers trader and noted financial writer, says that low oil prices have hurt the Canadian economy and the real estate market is near the peak of a massive bubble.

Unlike the US market, the mortgage market in Canada is not securitized. This means that the housing crisis in Canada won't be quick like it was in the US (6/2007 to 3/2009).

Dillian says that a long, drawn-out "death by a thousand cuts" scenario is in the cards for the Canadian housing market. And, this economic pain will probably last for years.

He also notes that nearly all mortgages in Canada are "recourse mortgages" (except in Alberta). This means in-the-hole homeowners are not as likely to walk away as they were in the US housing crisis.

Canada interest rates could go negative. Dillian states that more interest rate cuts by the Bank of Canada could be in the cards. With the prime rate in Canada at 0.5% right now, it's not far to zero. In fact, he wouldn't be surprised to see negative rates by the second half of 2017.

Home prices and rents in the US up for over 45 months in a row

National home values in the United States increased to an average of $187,300 in July, the 48th month in row of appreciating values, the latest index data shows.

Home values have risen by 5% over the past year and have been consistently climbing since August 2012, but still remain 4.7% below the peak of April 2007 when the median home value was $196,600.

'In most areas, the market is being driven mainly by a strong labour market and tight supply, especially among entry level homes that first time buyers are after. But some markets, especially the red-hot Pacific Northwest, are adding more jobs and attracting more residents, putting the pressure on home values and rents,' Zillow chief economist Svenja Gudell explained.

'The Bay Area and Southern California are still growing at a faster pace than the nation as a whole, but growth rates have come back to earth a bit after several years of rapid growth. And markets in other regions, like the Northeast, keep steadily chugging along. All housing is local, and as the local economies in individual metros ebb and flow, housing will follow suit,' she added.

She also pointed out that more than at any time since the boom and bust, the US housing market is being driven by local fundamentals, and not by national trends.

Zillow's latest figures also shows that rents across the country have increased by 2% over the past year to $1,408 per month and have now increased for 47 months in a row.

REIANEWS

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