

REIA NEWS

ISSUE 66: APRIL 2017



HOW ARE PAYMENTS MADE FOR **REAL ESTATE TRANSACTIONS?**

ALSO IN THIS ISSUE

CHANGES TO THE COMMERCIAL
BUILDING DISCLOSURE PROGRAM

LIVEABILITY DELIVERS RESULTS

PROFILE OF REIA'S RESIDENTIAL
SALESPERSON OF THE YEAR 2017:
NATALIE DOWNTON OF DOWNTON
PROPERTY HOBART

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PRESIDENT'S REPORT

Mr Malcolm Gunning
REIA President



WELCOME FROM REIA'S PRESIDENT

Hello and a warm welcome to the April 2017 edition of REIA News.

This month we saw both APRA and ASIC put further restrictions on banks' lending to real estate investors in an attempt to dampen investor demand for property in Sydney and Melbourne.

The REIA has urged caution in the actions of regulators and banks for a number of reasons. Firstly, Sydney and Melbourne are not the only markets in Australia and actions taken to address these two markets also impact on other markets. Secondly, market information from the Sydney and Melbourne suggests that there are signs of a slow down. These signs tell a very different story to the lagged historical data that the regulators are responding to. We need to be

careful that an overreaction to the investor led Sydney and Melbourne property markets doesn't threaten the health of the national economy.

Figures for February released by the Australian Bureau of Statistics confirm that finance approvals for investor housing is moderating. The value of investment housing commitments increased by a modest 0.7 per cent in trend terms and decreased by 5.9 per cent in seasonally adjusted terms. This is down from its 2015 peak.

Next month's edition will focus on the Federal Budget and what it means for the property sector. As I noted last month the Government is considering a comprehensive package aimed at housing affordability and first home buyers.

Mr Malcolm Gunning
REIA PRESIDENT

COVER STORY

HOW ARE PAYMENTS MADE FOR REAL ESTATE TRANSACTIONS?

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



The Australian payments landscape is facing a time of unprecedented change. Technology and innovation are reshaping how payments are made and how business and consumers interact.

Against this background REIA was asked by the Australian Payments Council's (APC) to provide input to a review being undertaken to ensure that the payments system continues to meet the changing needs of the real estate sector now and into the future.

To provide a snapshot of how payments across the spectrum of real estate transactions are made, including cheque usage, REIA surveyed a number of real estate agents across Australia – some small, some large. This also enabled a comparison over time with similar surveys in 2011 and 2015.

The REIA surveys asked responding real estate professionals to indicate how payments are made and received across the following range of transactions: deposits for auction sales; deposits for non-auction sales; settlement of sales; deposits for rental property; bonds for rental properties; regular rental payments; commissions, and; disbursements.

In 2011 the broad findings were: across the range of real estate transactions

cheque use was an important part of conducting business; for some activities transactions by cheque were either high or entirely – sales deposits, in particular at auction sales, is such an area; for some activities transactions by cheque were low – regular rental payments was one such area; there was a trend to direct debit transfers overall -the degree to which this was occurring depended on the type of transaction and whether the transaction occurred in a metropolitan or regional area.

The 2015 survey results showed: a decline in cheque usage overall; the decline in cheque use was seen predominantly in the areas of rental – deposits, bonds and periodic payments; whilst a moderate decline in cheque use was evident in disbursements and commission payments it was still substantial; cheque use was still high for deposits for sales– both auction and private treaty - and settlement, and; cheque use across all activities was higher in regional areas.

» *article continues*

HOW ARE PAYMENTS MADE FOR REAL ESTATE TRANSACTIONS?

» *continued*

The 2017 survey results shows: a further decline in cheque usage overall; in the areas of rental – deposits, bonds and periodic payments – and commissions and disbursements, most payments are by either EFT or BPay with EFT being most popular; whilst cheques, including bank cheques, were still being used for deposits for sales – both auction and private treaty - and settlement, EFT usage has increased particularly for non-auction sales, and; cheque use as well as cash across all activities was higher in regional areas.

In short, whilst the use of cheques is declining many real estate transactions are still paid by cheques.

In interpreting the survey responses it is important to recognise the socio-economic and demographic profile of house buyers and renters. Renters are generally lower in age than the average Australian and are early adopters of technology including the use of electronic means of transferring money. First home buyers, which whilst in decline still represent around one-seventh of all home buyers, are

similarly younger than the Australian average and are early adopters of technology. Other home buyers whilst older than first home buyers are generally still in the work force and as such are regular adopters and users of technology. In other words most real estate transactions are undertaken by a demographic that has access to new technologies and will use them when and where they can, if they can. So, if cheque usage persists in some real estate transactions there are good reasons for it and not simply a reluctance to change.

The reasons are consumer or demand driven rather than being a lack of response to the alternatives available by agents. The current electronic means of payment are not always practical for many real estate transactions. This means that unless viable alternatives are implemented, both real estate agents and those involved in real estate will be adversely affected if either cheques were withdrawn or their use discouraged by increasing the cost of cheque usage.

Until alternatives to cheque use, that meet the requirements of those involved in the real estate transaction chain, are developed there will be a requirement for cheques. Accordingly REIA has recommended to the review that: cheques stay in use until acceptable alternatives that recognise the operational requirements of real estate transactions are in place, and: fees associated with cheque usage are not increased.

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AN INTERVIEW WITH NATALIE DOWNTON OF DOWNTON PROPERTY HOBART WINNER OF THE REAL ESTATE INSTITUTE OF AUSTRALIA'S RESIDENTIAL SALESPERSON OF THE YEAR 2017



Enzo Raimondo, CEO RealestateVIEW with Natalie Downton, Downton Property Hobart

What did you do before entering real estate?

I had just completed a Sport and Recreation traineeship at a local high school after I finished college and then completed my Fitness Certificate and was a qualified personal trainer starting my own business.

Why did you enter the real estate industry?

I had always had an interest in the industry but prior to my fitness career had been told young females cannot succeed in the industry! This was 2007.

I then landed an opportunity at Raine & Horne at 22 years old and became the Number one agent for Raine & Horne in Tasmania within three years.

What or who has been your greatest influence in real estate and why?

It is very close to choose between two people – my first Principal Barry Monk who retired and sold the Raine & Horne business to LJ Hooker Hobart. Funnily enough I poached Barry out of retirement and he now works for me – there is not a lot I do in a business sense without running it by Barry. He has taught me everything I know about business. He is like a second dad to me!

The second greatest influence would be Lee Woodward from the Real Estate Academy. He has been my trainer/coach now since I started in the industry – I follow the Real Estate Academy program religiously. He and his wife

Robyn have now become our close friends. I am flying to New Zealand in May to speak to 300 Professionals under the Real Estate Academy.

What's the best advice you have received in business?

Never stop selling!!! Employ someone to manage the business so you can focus on what you do best!

What have been the most effective marketing initiatives or programs you have used to promote yourself / your business?

Everyone automatically turns to TV and Radio – I find it very hit and miss! I believe the billboards are amazing and very effective! Those that live in the area are reminded of you every day!

Downton Property is fast becoming the most innovative agency in Tasmania.

A key goal is the implementation of new technology to simplify and speed up information and document delivery to both vendors and purchasers.

I have no doubt our suite of innovative products – and strategies – is positioning Downton Property as a market leader.

REAL ESTATE APP:

We have just developed a free App which is proving an absolute game changer. Available on iTunes, it allows buyers to receive notification of a newly listed property via SMS prior to it hitting the market. It also delivers an in-depth digital brochure via a link which

includes information such as a suburb profile, transport solutions, property attributes, all photos and copies of the contract and title immediately.

The app also helps customers navigate throughout the – often complex – buying process.

SMS MARKETING:

Gone are the days of QR codes, instead we have embraced SMS keywords to effectively build mobile communications into marketing campaigns.

For example, to receive a 'Web Book' in seconds, a buyer simply sends a simple SMS with an address identification to the number branded to Downton Property. We are also using SMS keywords for client promotions, gifts, and on marketing – like signboards – allowing buyers to instantly access sales information and the web book of the property.

What have been the most useful training activities or resources you have used for professional development?

I have only one program – Lee Woodward from The Real Estate Academy!

TEACHING AND TRAINING:

This invariably tops the list when contemplating the best way to help.

My passion to train newcomers not only boosts overall excellence within our team, but also helps set high standards for all agents in Tasmania.

AN INTERVIEW WITH NATALIE DOWNTON OF DOWNTON PROPERTY HOBART

» *continued*

My teaching program pushes staff to their full potential, imparting the right work ethic and strategies allowing them to become successful from the start.

INDUSTRY FELLOWSHIP:

Finally, as a young leader, it is vital to build rapport and fellowship within our industry. Whether this is through REIT involvement, or attending conferences, helping each other, and sharing knowledge continually lifts industry standards.

Together as a united force, we can achieve so much more.

What is number one business goal you plan to accomplish over the next year?

Organically grow the rent role to 150 properties.

What have you found to be the benefits of your career choice?

I love the flexibility and work life balance – it allows me to spend quality time with my son & family and it allows all of my staff to have control over their future. They run their own businesses within my business.

What difference has winning the national award made to you and how do you think it will impact on your business?

How did it feel? I felt like maybe the Real Estate Institute of Tasmania & Australia fell in love with my story ... I was surprised at the support and genuine happiness from other agents.

I had many people congratulate me as there were a lot of people who had heard about my situation.

Overcoming adversity was the biggest turning point of my life – not only in business but personally. I never take anything for granted. I have a vision to be the best. I have a huge desire to teach others.

I want a Downton Property Super office at this stage I'm not interested in a Franchise ... but I believe this award will attract other people to want to be part of our team. People will see our environment and how much fun we have but yet how successful we are and I think winning this will now put Downton Property on the map as a big player and I just have a desire for everyone to know how much I love my team!

I don't want my number one award to be a once off – I want to be number one again next year and the year after and the year after that! I don't want to be the same as everyone else – I want to be different – I want to be an inspiration in business to other people and other women!

Where do you see the real estate profession heading in the next few years? Real Estate Industry as a whole?

I have received so much professionally – and personally – from my decade in real estate, and as one of Tasmania's young leaders, it is important I give back.

My definition of contribution is the giving of time, energy, ideas, knowledge, emotion and assistance to both our industry and local community.

This last year extended my leadership skills to a new level: transitioning from employee to employer of six staff, who look to me for guidance and support, is a huge responsibility. At the age of 31, it is a responsibility I cherish, and one I believe I have excelled in.

I often ask myself how I can better serve – not only my team – but Tasmania's real estate industry;

We are lucky as Tasmania is the last on everyone's radar – we are now experiencing huge growth and huge yields – a lot of interstate investors and buyers relocating to live in the most affordable place in Australia! I think things are only going to get better in Tasmania.

I do have one wish and that is more specialized training when obtaining your license – if you pass the course you can sell someone's biggest asset and represent them! If you aren't fully qualified there are so many things that can go wrong!

I train all my staff from scratch as that way I know they will serve the community in the best light and experience selling as they deserve.

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ARE YOU PREPARED?

Changes to the Commercial Building Disclosure Program on 1 July 2017 will affect building owners and real estate agents that are selling and advertising commercial office space with a net lettable area of 1000 square metres or more.



The Commercial Building Disclosure (CBD) Program is a regulatory program that requires the mandatory disclosure of a building's energy efficiency information to the market when commercial office space above a certain size is offered for sale or lease. It is established under the *Building Energy Efficiency Disclosure Act 2010* and is managed by the Australian Government Department of the Environment and Energy.

From 1 July 2017, the mandatory disclosure threshold will be lowered from 2000 square metres to 1000 square metres. The effect of this change is that most owners and lessors of smaller commercial office buildings will need to disclose the building's energy efficiency when they sell or lease their property after this date.

Does the CBD Program apply to a building that you currently have listed?

Building owners are encouraged to seek independent legal advice to understand their disclosure obligations under the CBD Program. Some owners and lessors of smaller commercial office buildings may not have heard of the program and may not be aware of their obligations.

The following kinds of buildings are exempt from the disclosure requirements:

- new buildings where a certificate of occupancy (or equivalent) has either not yet been issued or was issued less than two years earlier.
- buildings that have completed a major refurbishment for which a certificate of occupancy (or equivalent) was issued less than

two years earlier. Note: for a major refurbishment where no certificate of occupancy was issued, you need to apply for an exemption.

- strata-titled buildings.
- mixed use buildings where total office space comprises less than 75 per cent of the building by net lettable area (or gross lettable area if net lettable area is unavailable).

What should you do if you are currently listing a commercial office building that is between 1000-2000 square metres and will be disclosure affected under the CBD Program on 1 July 2017?

If this building is still listed for sale, lease or sublease on 1 July 2017, it will need a Building Energy Efficiency Certificate (BEEC), and the building's energy efficiency rating will need to be provided on all forms of advertising

ARE YOU PREPARED?

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of the building. This includes online listings, listings in newspapers, and billboards attached to the building.

It can take up to two months to obtain a BEEC – though in most cases it takes around 4-6 weeks. Owners and agents whose properties will become disclosure affected on 1 July are encouraged to contact an accredited CBD Assessor to undertake the assessments and lodge the application for a BEEC on their behalf. The assessor will ask to see the building's previous year's electricity and gas bills. A database of accredited assessors can be found on the CBD Program website at <http://cbd.gov.au/registers/find-a-cbd-accredited-assessor>

The BEEC includes:

- a National Australian Built Environment Rating System (NABERS) Energy star rating for the building; and

- a Tenancy Lighting Assessment for the relevant areas of the building.

The NABERS Energy star rating must appear on all forms of advertising material for the building.

Information on how to obtain a BEEC can be found at <http://cbd.gov.au/get-and-use-a-rating/how-to-get-a-beec>, and examples of correct and incorrect advertising on building signage can be found at <http://cbd.gov.au/how-do-i-comply/advertising>

Compliance with the program is monitored and penalties apply to sellers, lessors and their agents who do not comply with their disclosure obligations under the Act. More information on the assessment process and a list of accredited CBD Assessors can be found at www.cbd.gov.au.

The Property Council of Australia is holding information sessions on changes to the program in all capital cities. Details are at http://www.propertycouncil.com.au/Web/Events_Services/Spotlight_on_changes_to_Commercial_Building_Disclosure.aspx

More information on the CBD Program can be found at www.cbd.gov.au. The CBD Program team is also available to assist with queries on 1800 020 131, or you can email the team at info@cbd.gov.au.

Stanford Harrison
*Director, Commercial Buildings Team
Department of the Environment and Energy*



LIVEABILITY DELIVERS RESULTS

As property prices continue to hit record highs, consumers are demanding more from their homes. It's no longer just about putting a roof over your head. It's about lifestyle, comfort and affordability. As a result, a new term has entered the arena – 'liveability'.

"Liveability is about finding or creating your best house, which is healthy, efficient, comfortable and connected to your community," Cecille Weldon, Real Estate Program Director at the Centre for Liveability Real Estate, explained.

Originally developed by LJ Hooker, the Centre for Liveability Real Estate was acquired by the CSIRO in June 2016 and, as a result, Liveability Real Estate Specialist training is now available to real estate agents right across Australia.

Cecille spent four years developing the Liveability Real Estate Framework. More than just a simple rating system, it's a property marketing framework that enables the real estate industry to identify a collection of benchmarked Liveability Property Features™ – The 17 Things™ – into the point of sale or rent. It allows agents to integrate these features into their normal processes in a robust and systematic way. The framework encompasses high-level professional training, an appraisal checklist and unique property marketing icons to

This article is brought to you by **Cecille Weldon**, Real Estate Program Director at the Centre for Liveability Real Estate



appraise, sell, buy and rent homes with liveability property features.

"When you're talking about liveability, it's a very clear deliverable for homeowners and renters," Cecille said.

When she was developing the framework, Cecille quickly learnt the word 'sustainability' was a barrier to opportunity and a new term needed to be created.

"Sustainability doesn't mean anything anymore. It's confusing and can mean hundreds of things," she said. "This is why real estate hasn't seen or understood the opportunity that's lying behind that word."

Enter 'liveability'

"Over the last 10 to 15 years, the design and construction industry has been delivering better houses in regard to design and comfort, and the potential for reduced running costs," Cecille explained. "We also know that consumers are now looking for properties with lower running costs and this is impacting the perceived value of a property.

» *article continues*

LIVEABILITY DELIVERS RESULTS

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“In some ways, it’s the shadow side of affordability. There’s ‘afford to buy’ and then there’s ‘afford to live in’. The ‘afford to live in’ aspect is now impacting a property’s appeal to potential buyers and renters.”

More than energy efficiency

According to Cecille, energy efficiency is just one aspect of the Liveability Real Estate Framework. It’s also about water, energy, solar PV, passive design and living close to a vibrant community experience.

“The idea of ‘energy efficiency’ is not sexy,” she said. “Most people don’t lie awake at night and dream of an energy efficient house.

“Liveability is about delivering more. It’s about the life it will give you and creating a great lifestyle in your home – and reduced running costs have an impact on this.”

Delivering outcomes

Cecille said agents are getting quality results from their knowledge about liveability. “Research by the

NSW Government* found that 89 per cent of consumers would find a home more attractive if these features were identified at the point of sale,” she said.

“This is where the Liveability Real Estate Framework comes in. As a Liveability Real Estate Specialist, agents have a better opportunity to secure the highest price in the shortest timeframe. They’re able to provide a better customer experience because of the training they’ve received and because they know more about the property and its features,” Cecille said.

Bryce Gibson, Principal at LJ Hooker Cessnock and Kurri Kurri, agrees. He believes owners of properties with Liveability Features™ are securing better price outcomes and he’s finding more and more buyers are asking questions about these features.

“It’s a cultural change. There’s a strong interest in features like solar panels, LED lighting, heating and cooling installation, and rainwater tanks,” he said.

“People spend thousands of dollars on products and renovations for their

home, and if you understand and have knowledge about the investment they’ve made and the reasons why they add value, it helps build rapport, trust and respect between you and the client. It can also be a big advantage when attempting to secure the listing.”

According to Bryce, what sets the Liveability Real Estate Framework apart is the training.

“If you haven’t done the training, it’s easy to dismiss certain features as having no tangible value. But, once you’ve done the training, you know what you’re looking at,” he said.

For every listing, Bryce completes The 17 Things™ appraisal checklist to identify the features the property has and then uses this when marketing the property.

“If you’re a Liveability Real Estate Specialist and a property has more than six of the 17 features listed in the checklist, you can include the Liveability Features™ icon in your marketing.

“As power prices rise and people become more environmentally

» *article continues*

LIVEABILITY DELIVERS RESULTS

» *continued*

conscious, Liveability Features™ will play an ever-increasing role in the property transaction,” Bryce said.

Trust and training

During the establishment of the Centre for Liveability Real Estate, Cecille found herself asking why agents weren’t hearing from consumers about their desire to know more about a property’s liveability features.

“Research says consumers don’t trust real estate agents to give them information about this,” she said. “However, if the agent had done specialist training, consumers say they would then trust them more than an agent who had not done such training.

“Trust is pivotal to any relationship. If consumers don’t trust us to know about the features of a property, then how can we position ourselves as property experts and remain relevant in the future?”

Industry-led disruption

According to Cecille, Liveability Real Estate Specialist training should be seen as an opportunity.

“It makes us more resilient to disruption as an industry,” she said. “The training adds value to the face-to-face agent-client relationship and cannot be taken over by a portal.

Sellers and landlords feel you really know their property when you’ve done a liveability appraisal and all the features of their property have been highlighted when it’s listed for sale or rent.

“Buyers and tenants are grateful and feel supported, because it’s addressing the running cost potential that’s on their mind.

“We should be proud as an industry that we’ve meaningfully disrupted ourselves without waiting to be disrupted from the outside. As an industry, it’s important that we lead this conversation and retain our

position as property experts. This is an opportunity for everyone to get behind this initiative,” Cecille said.

To find out more about Liveability Real Estate Specialist training, go to reinsw.com.au/liveability* EnergyFit Homes: Enhancing the Market for Energy Efficient Homes Research Study, “Energy efficient features”, p 10, April 2016.

Liveability Real Estate Framework

The Liveability Real Estate Framework is an integrated system that addresses the four aspects of the real estate property marketing industry: the real estate agent, who brings people and property together through effective online and print marketing.

The framework enables the real estate industry to identify and integrate Liveability Property Features™ – The 17 Things™ – into the point of sale or rent in a robust or standardised way. As the ‘real estate moment’

» *article continues*

LIVEABILITY DELIVERS RESULTS

» *continued*

is short but influential in driving a value proposition for residential properties, it's important that agents are trained to identify these features and know why they're important to liveability potential. Therefore, core to the framework is a new professional pathway in real estate – the Liveability Real Estate Specialist.

This specialisation builds on an agent's existing sales and property marketing experience, and is refreshed and updated every 12 months to keep abreast of changes in residential building innovation.

The 17 Things TM

Each of the following Liveability Property FeaturesTM is benchmarked by industry property and there are four that require independent proof. A property must have a minimum of six of the features marked with an asterisk to qualify for the liveability icon on a property listing.

LOCATION

1. Climate zone of the property
2. Living locally
3. Orientation*
4. Cross-ventilation*
5. Zoning*

FLOOR PLAN AND LAYOUT

6. Insulation*[^]
7. Density of building materials
8. Windows (glazing)*[^]
9. Shading or sun control*

IMPORTANT ENERGY AND WATER SAVING INCLUSIONS

10. Efficient heating or cooling devices*
11. Energy efficient lighting*
12. Efficient hot water system*
13. Solar photovoltaic (PV) system*[^]
14. Low water garden*
15. Water efficiency devices
16. Rainwater tanks

ENERGY RATING

17. Energy rating*[^]

Source: liveability.com.au/about

* *Minimum of six of these features is required*

[^] *Independent proof required*



Cyber Crime

What you need to know.

With the introduction of data breach reporting legislation in February 2017, it is now essential that you are aware of how Cyber Crime can affect you, your business and your customers.

Do you have actions in place to minimise your cyber risk?

Do you know what you would do if your business fell victim to a cyber-breach and are you adequately insured?

Do you know how the Data Breach Reporting legislation affects you?

Speak with one of our Real Estate Cyber Specialists to get the answers you need:

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HOW ONE ROGUE EMAIL CREATED A WEEK OF CHAOS AND DISRUPTION FOR A SUCCESSFUL AND RESPECTED REAL ESTATE AGENCY

Over the past few years, cybersecurity has rapidly become a major risk concern for the real estate industry. From the threat of criminals gaining access to personally identifiable data relating to clients or employees, through to actions designed to disrupt networks or hold intellectual property hostage, cyber-attacks can expose organisations to a multitude of financial and reputational risks.

However, as Greg Booker, Principal, LJ Hooker Kallangur/Murrumba Downs discovered, it is almost impossible to totally prevent cyber breaches. In reality, it is not a question of “if”, but rather “when”. And that’s why it is so important to have processes in place that can swiftly respond to attacks, as well as effective insurance coverage to help offset the considerable costs that can arise from such an event.

Better safe than sorry

When Greg Booker, Principal, LJ Hooker Kallangur/Murrumba Downs, attended a Real Estate Institute Queensland (REIQ) continuing professional development (CPD) session in 2015, he was particularly interested in a cyber risk presentation by Joanna Boyd, lead Client Relationship Manager within the Aon Real Estate Team in Queensland.

“I’ve been in real estate for 40 odd years, and with today’s reliance on technology for almost every aspect of our agency’s operations, I’d been thinking a lot about what would happen if we were the victim of some sort of cyber-attack. As we’ve had all our insurances through Aon since 2007, I asked Joanna for advice about a cyber policy that would be relevant to our needs. She told me about a very cost effective Cyber Extension that was available as an add-on to our existing Aon Professional Indemnity (PI) cover, and although I had a niggling doubt as to whether or not we really



were at risk, I took out the cover, and then went on to forget about it.”

Your money or your data

In mid-2016, an email purporting to be from an energy retailer was received by several members of the LJ Hooker Kallangur/Murrumba Downs team. “It came to my email account, as well as my wife’s, however we were both immediately suspicious and closed it.”

Nevertheless, the subject line, wording, design and other aspects of the email made it look quite authentic, and once the agency’s property managers opened it. As a result, a malicious ransomware file was executed, which infiltrated the agency’s entire computer system, putting 30 computers, as well as the server, out of action.

How the insurance cover responded

“As soon as it happened, we contacted Aon and they immediately got onto the legal firm that deals with the

HOW ONE ROGUE EMAIL CREATED A WEEK OF CHAOS AND DISRUPTION FOR A SUCCESSFUL AND RESPECTED REAL ESTATE AGENCY

» *continued*

insurers, who then directed us from there. Although several people were very sceptical about whether or not we would get paid, my previous experiences with Aon left me confident that our losses would be covered.”

Under the Cyber–Extension attached to Greg Booker’s PI cover, this claim was classified as First Party Hacker Damage, and was settled for \$7,690.00.

It’s good to know you have a fall–back position

“Even if you’ve been in the business for a long time, it doesn’t mean that this won’t happen to you. I remember the days when all our client contacts were in an exercise book, but our sales people and property managers are now totally dependent on having access to their computers.

“We were off the air for a week and our 35 staff weren’t able to do a thing. You end up feeling helpless and hopeless, but thanks to our IT guy and the insurance cover, I was also reasonably confident that everything was in safe hands.

“In hindsight, we probably weren’t disciplined enough in following procedures for opening email

attachments. But at the end of the day, when the insurers said ‘just send us the bill’, I really couldn’t have been happier.”

Mandatory Breach Reporting

On 13 February 2017, the Privacy Amendment (Notifiable Data Breaches) Bill 2016 passed, and is set to come into effect within a year. The amendment will require entities subject to the Privacy Act to notify the Office of the Australian Information Commissioner and affected individuals of unauthorised access to, or disclosure of, personal information that could result in serious harm.

The scale of the changes means organisations should start preparations now.

The new law applies to public and private organisations that are already subject to the Privacy Act - this includes Australian Government agencies (excluding state and local government) and all businesses and not-for-profit organisations with an annual turnover more than \$3 million. It aims to incentivise the holders of personal information

to adequately secure or dispose of that information. It also allows individuals whose personal information has been compromised by a breach to take remedial steps to lessen the adverse impact that might arise from the breach.

Find out more

Aon works with members of the real estate industry to help them take control, and keep themselves updated, about their cyber threat landscape.

For more information about our tailored cyber–crime policies, contact your Aon Affinity Real Estate Client Relationship Manager, or call 1300 734 274.

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Ceil Rosenbaum, REI Super member

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LEADING COOPERATIVE EXPANDS NATIONAL FOOTPRINT

This article is brought to you by Ray Ellis, CEO of First National Australia



**first
national**
REAL ESTATE

We put you first

Australia's leading cooperative brand has significantly expanded its network of offices nationally, opening 35 new locations in the past 12 months. Much of the growth is centered in New South Wales, Victoria, Tasmania and Queensland.

Chief Executive, Ray Ellis, attributes the rapid growth to rising awareness amongst top performing salespeople and competitor agents of the advantages of First National's operating model and its membership's supportive culture.

'First National Real Estate's culture is one of business owners working together, with the support of the best training, systems, technology and corporate assistance available to grow their businesses. As a result of our positive trajectory and our "Business Circles" strategy, we're attracting more and more of our competitors' top offices and salespeople' said Mr Ellis.

'Satisfaction amongst our members and their customers is at an all time high, a fact independently verified by Canstar Blue, who placed First National Real Estate number one last year when it announced its 2016-17 award for "Overall Customer Satisfaction"¹ in Australian real estate'.

Mr Ellis cites Victoria's Gippsland district as an example of where the network's unique culture, brand and membership reputation has enabled it to further concentrate an already well-established market share.

'First National Real Estate has maintained a prominent presence throughout the region for more than 30 years, and good businesspeople understand the opportunities that association with our brand and successful business owners represent' said Mr Ellis.

¹ Canstar Blue ratings methodology and results can be [viewed here](#).

'We're officially opening another new office in Warragul today, one of three new locations in the Gippsland district that have warmly embraced the advantages First National offers. Through First National Warragul and First National Narracan (Moe), we'll provide the region's most advanced property services.'

IRC 2017

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BANGKOK, THAILAND

August 17-22, 2017

“Asia Pacific: The Engine for Global Growth”

- August 17: Grand Opening Day, Expo and Bangkok Property Tour
- August 18: Leadership Summit (By invitation only), Welcome International Reception
- August 18-20: Conference and Expo
- August 20: Gala Dinner
- August 21-22: Phuket Property Tour (Optional)

The IRC facilitates direct interaction between global real estate practitioners, allowing real estate agent to build and cultivate an active network within the Asia-Pacific region and beyond.

- Meet some of the world's top agents, investors, and developers
- Strengthen your ties to the primary actors on the Asian real estate scene.
- Learn the opportunities to invest in Thai and Asian commercial and residential assets.
- Understand real estate business practices and laws in Thailand and other nations.

For additional information please contact...

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NAR President's Liaison to Thailand
773.908.9908 | Nancy@Century21SGR.com | IRC2017.com





VALE

EDWARD JOHN KRISTIAN (KRIS) CALLAGHAN

Kris Callaghan, who had a long and distinguished career in real estate, passed away on 4 April.

Edward John Kristian (Kris) Callaghan had a long and valued career in real estate, and was a distinguished past president of both the Real Estate Institute of Australia and the Real Estate Institute of Victoria.

He passed away peacefully on 4 April 2017.

Callaghan had many friends and colleagues in the industry, and will be remembered for being generous with his time and knowledge. He will be sadly missed.

During his life, Callaghan was awarded an Associate of the Real Estate Institute of Australia (AREI) in 1969; distinguished Past President of the Real Estate Institute of Victoria from 1970-1971 and was awarded Life Membership; distinguished Past President of the Real Estate Institute of Australia from 1986-1988; and FIABCI Australia President in 1988 hosting the FIABCI World Congress in Melbourne.

The Real Estate Institute of Australia and the Real Estate Institute of Victoria extend their sincere condolences to his wife Kath, his daughters Christine and Jill, his son John, his sons-in-law Antonio and Marc, his daughter-in-law Sue, and his grandchildren Edward, Martin, Erin and Sean.



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

- 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.

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INDUSTRY UPDATE

Industry news from around Australia



Sales and leasing activity improve in Perth

Activity improved across both the sales and rental markets in Perth in the three months to March, with house sales transactions increasing by 30 per cent over the three month period and leasing activity increasing by 24 per cent.

REIWA President Hayden Groves said it was encouraging to see market activity lift notably across both sectors of the Perth property market.

Leasing activity

reiwa.com data shows that not only did leasing activity in Perth improve by 24 per cent in the three months to March, levels were also up 35 per cent when compared to the same time last year.

Additionally, all five sub-regions experienced notable hikes in activity levels, with leasing activity in the North West sub-region the standout.

Sales activity

In the residential sales market, reiwa.com data shows house sales activity held up relatively well on an annual basis, adjusting back slightly by one per cent in March 2017 compared to March 2016, while listings for sale declined by three per cent on an annual basis.

“Sales activity in Perth appears to be stabilising. We’re not seeing the big shifts in levels that we once were, and in fact, we’re regularly seeing activity levels show signs of improvement which is pleasing.

“Listing levels are also stabilising, with the rate of increase slowing over the last year,” Mr Groves said.

NT has Australia’s highest rates of NBN-ready rental properties

Over 90 per cent of rental properties in the Northern Territory are now fitted with the NBN, statistically the most homes in the country.

According to a new study released by Rent.com.au, only seven per cent of rental properties in the NT are without NBN. The most commonly fitted NBN product is the ‘Fibre to the Premises’ or FTTP, which is used at 68 per cent of properties. Seven per cent of people use ‘Fibre connected to the Node’, two per cent use fixed wireless and one per cent use a satellite service. Fibre to the Premises (FTTP) is highest at 68 per cent – proving the NT is really leading the way when it comes to internet connectivity. More than two million homes throughout the nation are now connected with the company rolling out the network now a quarter of the way through its task of lighting up eight million premises by 2020.

Source: News Corp – NT News

Investors rush to buy a slice of the Tasmanian property market

Investors are increasing their push into the Tasmanian property market, with rates of investment in Hobart at a record high. Almost a quarter of all properties sold

across Hobart so far this year have been to investors – the highest rate in a decade.

Across Tasmania about one in every five property deals are closed for investment purposes, according to new figures from the Real Estate Institute of Tasmania. REIT president Tony Collidge said the percentage of sales to owner-occupiers was decreasing, and was likely to decrease further as more investors came into the market.

For the first two months of this year, 24 per cent of the 624 property sales in Hobart were to investors. Last year 20 per cent of Hobart property sales were to investors.

The rate of investment in property across Tasmania this year is at 21 per cent, compared with 19 per cent for all of last year. REIT data shows that across the state in 2016 investors bought 1870 properties at a median price of \$235,000. Two-thirds of those investors were Tasmanians.

Mr Collidge said the interest in Hobart property was pushing prices up because demand for either renting or purchasing a home could not meet supply.

A report released last month showed rental demand is higher in Tasmania than almost anywhere in Australia.

Source: The Mercury

MAKING NEWS

General national news



L-R: Steve Brown NAR Past President 2014, Cindy Fauth Director Global Business and Communication, Malcolm Gunning REIA President, Elizabeth Mendenhall NAR President Elect 2017, Michael Wellsmore REIA-NAR Liaison Officer

A delegation from the National Association of Realtors in the US visits down under

Elizabeth Mendhall, 2017 President Elect, Steve Brown 2014 President and Cindy Fauth, Director Global Marketing & Communication of the National Association of Realtors® visited Melbourne and Sydney this month.

The delegation attended an REA/Move Inc Board meeting in Melbourne, meet with representatives from REIV and whilst in Sydney met with the REIA President, Malcolm Gunning, REIA CEO Jock Kreitals and representatives from REINSW.

Discussions between the NAR delegation and representatives from REIA and REINSW centred on the Australian housing market, improving education standards and the professionalism of members, foreign investment

policy and its application, impending money laundering regulatory regime for agents, taxation policy, the effect of disruptors to the industry and competition from real estate portals.

McGrath buoys leadership team with big-name appointment

McGrath Estate Agents has announced that one of the industry's most respected professionals will be returning to the group to lead its franchise network.

Christopher Mourd, whose real estate career spans almost three decades, will also join the McGrath executive leadership team.

As head of real estate/residential for LJ Hooker Australia since 2006, Mr Mourd was responsible for a network of more than 500 offices nationally. In 2016, he was appointed head of commercial for

the group. Prior to that, Mr Mourd spent more than seven years at McGrath in various senior roles with both the franchise and company-owned sales divisions.

Mr Mourd is also a director of the Real Estate Institute of Australia.

McGrath CEO Cameron Judson said Mr Mourd brings valuable knowledge and experience to the company's leadership team at a time when it is going through significant change.

He said Mr Mourd's return to McGrath signifies the strength of the McGrath brand and its culture.

"I'm delighted we have secured an executive of his calibre. He has close relationships with many of our franchisees as well as many of our sales agents. We believe we have a team with the firepower necessary to further grow our market share in each of our regions," Mr Judson said.

Meanwhile, McGrath founder and executive director John McGrath said he is pleased at the appointment.

"Over the years, I have watched Chris' transition from a sales manager and accomplished auctioneer to one of leadership prominence within our industry. I couldn't be more delighted to welcome him back to McGrath."

Mr Mourd, who replaces Gary Vouris, will begin his new job at the end of June.

McGrath operates 71 franchise offices and 28 company-owned offices in New South Wales, Victoria, Queensland and the ACT.

POLITICAL WATCH

Information and news from government



New ATO data confirms that almost two in three negative gearers have taxable incomes less than \$80,000 a year

New Australian Tax Office data has confirmed that the bulk of Australians who negative gear have taxable incomes below \$80,000 a year.

The ATO data confirms that:

- 2,047,000 Australians own an investment property
- 1,277,000 Australians negative gear their investment property
- The average deduction for negative gearing is \$8,702
- 807,521 Australians with taxable incomes below \$80,000 a year negatively gear
- Over 103,000 Australians aged under 30 negatively gear property.

“Over 2 million Australian use investment property as a means of securing their financial future”, said Glenn Byres, Chief of Property and Housing for the Property Council of Australia.

“We see very clearly from the data that the average deduction is \$8,700. Far from being a rort, buying and paying off an investment property is a way that Australians are building financial independence.

“For all the talk of Sydney property prices and negative gearing, the data confirms that NSW residents claim smaller deductions for negative gearing than other states.

“Australians who invest in residential property play important public policy purposes – they are funding vital new housing supply which is vital for housing affordability and the economy, strengthening their own financial

independence, and are providing a massive pool of rental properties which ensures a vibrant and stable rental market.

New Cities Reference Group brings expertise to the table

The Australian Government has announced the establishment of a *Cities Reference Group* to help advise Government on cities policy.

Assistant Minister for Cities and Digital Transformation Angus Taylor said the Cities Reference Group comprised leading thinkers on cities issues in Australia, as well as internationally renowned experts.

“It will be a valuable source of expertise and insight for the Government as we continue to deliver on the *Smart Cities Plan*,” Assistant Minister Taylor said.

“Our cities agenda is all about positioning our cities to be the best they can be in the future.

“I’m looking forward to working with the Reference Group as we continue to refine our cities policy, foster new ideas for innovation and collaboration, and shape the way we measure performance of our cities,” he said.

The first meeting, chaired by Assistant Minister Taylor, is scheduled for 26 April.

Establishment of the Cities Reference Group builds on the work already undertaken with other governments, industry and experts to deliver on the Government’s *Smart Cities Plan*.

The *Smart Cities Plan*, released last year, sets out a vision for Australia’s cities based on smart policy, smart investment and smart technology.

Competition changes: Levelling the playing field for small business

A landmark review of Australian competition policy, introduced into Federal Parliament earlier this month, backs small businesses to grow, innovate and create more jobs, Small Business Minister Michael McCormack says.

Mr McCormack said the *Competition and Consumer Amendment (Competition Policy Review) Bill 2017*, implements a number of recommendations from the Harper Review to back small business.

“When Australia’s small businesses are able to compete on their merits, they can pursue new ideas, expand and create more jobs across the country,” Mr McCormack said. “The Government backs small business and is committed to pursuing the benefits of competition for all Australians across the economy. We know better competition leads to better services and more choice for consumers.

“Making these reforms a reality will reinvigorate competition and harness the benefits it brings for the economy and Australians.” Undertaken by Professor Ian Harper, the review of competition policy was the first wide-scale review in 20 years. “These reforms level the playing field for small business and will ensure our competition policy is modern and gives Australia’s 2.1 million small businesses the flexibility they need,” Mr McCormack said.

THE WORLD

Property news from around the world



Chinese cities dominated price growth at end of 2016, but unlikely to continue to do so

House prices across 150 cities worldwide increased by 6.6% on average in 2016 with Chinese cities dominating the year on year growth taking the top nine places, the latest index shows.

Nanjing leads the rankings with average prices ending last year 41.1% higher. Chinese cities would have occupied the entire top 10 had Wellington in New Zealand not nudged Shenzhen out of tenth spot.

But the index report from international real estate firm Knight Frank warns that while Chinese cities dominated in the fourth quarter of 2016 this is unlikely to continue into the first quarter of 2017 and it expect the next quarter's results to look significantly different.

Overall the index increased by 6.6% in 2016, its highest rate in three years. However, without the Chinese cities the index would have increased by only 4.9% in 2016.

Beyond China, the cities of Auckland with growth of 12.4% and Vancouver up 17%, which have for several years been New Zealand and Canada's top residential market performers have now been usurped by their respective rivals, Wellington with growth of 23.7% and Toronto at 19.8%.

One reason for the change is that Vancouver has seen a new tax on foreign buyers the report suggests that property investors are also keen

to spread risk, with some equity rich Aucklanders now looking for a foothold in the New Zealand capital too.

Oslo, with growth of 21.7%, is Europe's strongest performing, followed by Budapest with annual rise of 19%. The report says that in Oslo falling unemployment, record low interest rates and strong purchasing power has boosted demand.

The Dutch cities of Amsterdam, Utrecht and Rotterdam represent another centre of growth in Europe, all recording double digit annual price rises and Knight Frank says that a lack of supply is the key determinant of accelerating prices.

With growth of 10.8% Seattle continues to lead the growth in cities in the United States, followed by Denver, up 8.9%. The report explains that the impact of the Federal Reserve's third rate rise in 10 years to 1% will filter into next quarter's index. 'But we do not envisage a sudden slowdown in US cities' price inflation. Furthermore, we may see stronger capital outflows from the US to key European and Asian cities,' said Everett-Allen.

In the UK, six of the eight cities tracked by the index recorded positive price growth, but only Bristol with growth of 10.1% saw prices reach double figures. Improving economic productivity and a structural undersupply of new housing is supporting price growth in a number of the UK's regional cities, the report adds.

The foot of the rankings table remains largely unchanged with Moscow, Aberdeen, Seville, Darwin and Jaipur

jostling for position within the bottom five. No single world region dominates, although the Americas are notable by their absence.

Property prices up in the biggest housing markets in the US as supply falls

Property prices in the 35 largest metros across the United States saw double digit growth year on year while supply of homes for sale has fallen by 3% compared to a year ago.

The latest data from real estate firm Zillow shows that Tampa and Orlando in Florida, Seattle, and Dallas had the biggest growth. In Tampa prices were up almost 12% to a median value of \$182,100.

Home values in both Seattle and Dallas were up 11% in the 12 months to February 2017 and the Zillow report says that high buyer demand along with fewer homes for sale is driving home values higher in many of these markets.

Nationwide the median value was \$195,700, the highest since June 2007 and there were 3% fewer homes for sale while in Tampa supply was down by 5% and Orlando there were 11% less homes on the market than a year ago.

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