REIANEWS

ISSUE 68: JUNE 2017

SETTING REIA'S STRATEGIC DIRECTION

ALSO IN THIS ISSUE

AUSTRALIANS' DEEP SEATED FEAR OF FOREIGN INVESTMENT IN HOUSING

REAL FIGURES ON NEGATIVE GEARING AND HOUSING AFFORDABILITY

Mr Malcolm Gunning
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the June edition of REIA News.

As I flagged in last month's edition the feature article this month is on the REIA's strategic direction. The REIA Board and the CEO's of all the state and territory REI's have been hard at work over the last couple of months on a strategic plan for how we can all best work together and achieve outcomes that benefit all agents around the country.

In this edition I outline how we as an industry are going to address the disrupters in Australian real estate practice and protect the erosion of our fees by being the preferred choice by the public when they come to sell their property.

A complementary article by REINSW President, John Cunningham, addresses why it is important to have a strong united voice at the national level to face the challenges from moving from an industry to a profession, and real estate's trusted advisers.

I hope you enjoy reading these two articles and join the commitment of working collaboratively to drive better outcomes.

From time to time future editions of REIA News will provide updates as we implement the plan and strive towards our goal of being sought out and respected as the custodian of our profession and be the trusted advisor to consumers and other stakeholders.

Mr Malcolm Gunning
REIA PRESIDENT

Follow us on Twitter [@REIANational]

SETTING OUR STRATEGIC DIRECTION

Advocacy. Education. Governance. These are the three big ticket items the REIA has committed to in its three-year Strategic Plan.

This article is brought to you by Malcolm Gunning

The REIA Board and the CEO's of all the state and territory REI's have been hard at work over the last couple of months making plans for how we can all best work together going forward and achieve outcomes that benefit all agents around the country.

Earlier this year, we came together for a strategic planning day. Facilitated by Deloitte, the day allowed us to set down our collective goals for the coming three years and define what success looks like. We now have a united commitment to a new Strategic Plan that will see REIA and all the state and territory REI's working collaboratively to drive better outcomes.

The new Strategic Plan has three main objectives: advocacy, education and governance.

Advocacy

From its inception back in 1924, one of the key roles of the REIA has been to represent the interests of the real estate profession at a national level. This is as true today as it was back then – and the new Strategic Plan sees us recommitting to this role.

Our goal is to be sought out and respected as the custodian of our profession and the industry, and be the trusted advisor to consumers and other stakeholders.

To do this, we'll be working hard to create a robust, proactive lobbying program and actively build strong relationships with senior politicians and government officials. We already have open lines of communication across the various levels of government and our media presence is stronger than it's ever been. But we know there's always more to be done and we'll be doing everything we can to embed ourselves in the minds of politicians, bureaucrats and consumers alike as the go-to voice for real estate across the nation.

Part of this will be strengthening the REI brand, so it is positioned in a consistent way across all states and territories and serves to bolster our advocacy efforts.

The REIA Board, from L-R: (front row) Adrian Kelly, Malcolm Gunning, Christopher Mourd; (middle row) John Cunningham, Hayden Groves, Greg Moulton; (back row) Joseph Walton, Diane Davis, Craig Bright

Education

Education is at the core of everything we do as agents and we know that we must work collectively to raise standards of education to improve the service agents deliver to consumers and improve the perception of agents.

While the different states and territories each have different regulatory environments that require different training outcomes for the purposes of compliance, there are also many similarities and these will form part of a new professional education program.

We're already on the pathway toward professionalism and we'll be working closely with all the REI's to achieve our goal of attaining recognition as a profession by the end December 2017.

» *article continues*

SETTING OUR STRATEGIC DIRECTION

» *continued*

Governance

The final objective in our new Strategic Plan relates to the governance of REIA. Our goal is to establish effective, accountable, united and transparent governance that is respected by all state and territory REI's. By the end of 2018, we will have a system of governance in place that ensures Board diversity, rotation and independence.

Measuring our success

An implementation plan (including budget, monitoring, reporting and review mechanisms) has been prepared to ensure we stay on track to achieving our goals under the Strategic Plan. The implementation plan recognises and highlights where the REI's are making a material contribution to the achievement of our goals.

I look forward to sharing news of our successes with you.

> **"Our goal is to be sought out and respected as the custodian of our profession and the industry, and be the trusted advisor to consumers and other stakeholders."**

Malcolm Gunning

PRESIDENT OF THE REAL ESTATE INSTITUTE OF AUSTRALIA

OUR SUCCESS

To ensure the success of any plan, you need to know what success looks like. Through implementation of the Strategic Plan, REIA is committed to achieving the following success by 2020.

For the REIA and all the REI's, success looks like …

- Having a strong and engaged membership
- Being relevant
- Achieving set goals and then moving on
- Being financially resourced
- Having a single voice that's respected and listened to.

In addition, for the REIA, success also includes …

- Creating a national brand that is proud, cohesive and supported by all the REI's with confidence
- Sharing resources and intellectual property
- Having all the REI's as members
- Delivering value to all the REI's
- Being proactively supported by all the REI's
- Being recognised by all the REI's as indispensable.

In addition, for all the REI's, success also includes …

- Having harmonised systems, services and platforms
- Collaborating for value
- Providing an invaluable benefit to members
- Achieving economies of scale through combined efforts
- Supporting REIA.

TOGETHER WE ARE STRONGER

Our industry is facing both challenging and exciting times. Never has it been more important for us to have a strong, united voice at a national level.

This article is brought to you by Malcolm Gunning

The Real Estate Institute of Australia was formed back in 1924 to represent the interests of the real estate profession on a national level. When I was elected as REIA President last December, I made a pledge to stay true to this purpose and reinvigorate the commitment of all REIs to working together for the collective good of members across the country.

Top priorities

Staying true to REIA's purpose will require a keen focus. That's why I've set down the following priorities for my term as REIA President:

- To pursue recognition of real estate as a profession
- To work with the REI presidents to compile a list of issues to inform lobbying efforts
- To build strong relationships with senior politicians and government officials across the nation
- To develop accountable strategies to further our lobbying agenda
- To lead the debate, rather than react to issues
- To ensure our successes are made known
- To work with industry stakeholders and suppliers, rather than treat them as enemies
- To ensure all REIs work together for the collective good of members across the country.

Being accountable

To achieve these priorities, the REIA and all the state and territory REI's need to play their part. We've started by formalising how the CEO's interact with the REIA and each other.

Under the direction of the REIA, the CEO's from all state and territory REIs are now meeting more regularly to explore commercial opportunities and discuss operational economies. The CEO's have always met regularly and enjoyed a good working relationship, so what's changed?

In a word, accountability. The outcomes of their meetings are recorded in minutes, and those minutes are now included in the REIA Board papers and those of all the Institutes. It sounds like a simple and logical step – and it is. Each CEO is now being held accountable not just by the other CEO's and the REIA Board, but by REI boards around the country.

This means the REIA's agenda will now feature more highly as a priority for each Institute. Unfortunately, this hasn't always been the case in the past and we now have a far better chance of achieving outcomes that will provide real benefits to members.

Positive steps

To quote Chinese philosopher Lao Tzu, "a journey of a thousand miles begins with a single step". These words ring true. Reforming REIA so we deliver outcomes based on our stated priorities will be a journey – and a long one at that. But the journey has started and we're already seeing renewed collaboration amongst the REIs and a united commitment to drive better outcomes for all members.

I look forward to sharing news of our successes with you throughout my term as REIA President.

> **"I've made a pledge to reinvigorate the commitment of all REIs to working together for the collective good of members across the country."**

Malcolm Gunning

PRESIDENT OF THE REAL ESTATE INSTITUTE OF AUSTRALIA

» *article continues*

TOGETHER WE ARE STRONGER

» *continued*

Rejoining REIA

"REINSW rejoined REIA on 1 July 2016 to help achieve a range of benefits for members.

We resigned our membership in 2008 for both financial and value reasons. Since then, we've always been open to rejoining, but made it clear that our support of the national body was dependent upon some fundamental changes to its structure, the way it operated and its agenda.

Over the last 18 months, REIA has shown an appetite for change and we responded by putting forward a proposal for a new REIA structure early last year. By April 2016, that structure had been accepted in principle by the REIA Board. We decided to rejoin and 'work from within' to help steer REIA's evolution into a more relevant organisation for our industry.

With a single, united approach to policy, we'll have a stronger national voice and will be in a far better position to effectively lobby the Federal Government on a wide range of issues. We'll also have the opportunity to drive harmonisation across the country by sharing resources, research, products and services for the benefit of members."

John Cunningham

REINSW PRESIDENT

AUSTRALIANS' DEEP SEATED FEAR OF FOREIGN INVESTMENT IN HOUSING

AUTHORS: DALLAS ROGERS, JACQUELINE NELSON AND ALEXANDRA WONG



Dr Dallas Rogers

Senior Lecturer, Architecture, Design and Planning, University of Sydney

Jacqueline Nelson

Chancellors Postdoctoral Fellow, Faculty of Arts and Social Sciences, University of Technology Sydney

Alexandra Wong

Engaged Research Fellow, Institute for Culture and Society, Western Sydney University

Sydneysiders are concerned that foreign investors, and particularly Chinese real estate investors, are pushing up housing prices, according to survey findings published this month. A majority believed foreign investors should not be allowed to buy residential real estate in Sydney.

We surveyed almost 900 Sydneysiders to investigate their views on foreign real estate investment. The effectiveness of government regulations on foreign investment and investors was a major concern for respondents.

The survey obtained the views of people aged over 18 living in the Greater Sydney region. They were asked about housing affordability, foreign investment, the drivers of Sydney housing prices, and perceptions of Chinese investors specifically.

Support for the government's regulation of foreign investment in housing was weak. Only 17% of respondents thought it was effective.

Almost 56% of participants believed foreign investors should not be allowed to buy residential real estate in Sydney. Only 18% believed this should be permitted.

More than 63% of participants disagreed that the "government should encourage more foreign investment in greater Sydney's housing market". Only 12% of participants agreed with this.

These views stand in stark contrast to the government's geopolitical support for foreign investment in Australia.

Participants' concerns about foreign investors and investment were consistent with their concerns about the government's foreign investment rules.

Around 63% of Sydneysiders identified the Chinese as the heavyweights of foreign investment.

» *article continues*

AUSTRALIANS' DEEP SEATED FEAR OF FOREIGN INVESTMENT IN HOUSING

» *continued*

This is likely to be accurate, given the concentration of Chinese investment in Sydney and Melbourne.

When presented with the statement "I welcome Chinese foreign investors buying properties in my suburb", more than 48% of participants disagreed.

Other studies, however, have shown the potential for public confusion between domestic Australian-Chinese and international Chinese buyers.

Respondents were asked to choose up to three drivers of house prices based on their understanding of Sydney's housing market. By far the most commonly nominated driver of house prices (64% of respondents) was foreign investors buying housing.

Roughly one in three survey participants saw low interest rates (37% of respondents) and domestic home owners (32%) and investors (32%) as the drivers of higher housing prices. Local housing analysts generally agree with this.

But more than three in four participants (78%) agreed with the statement: "Foreign investment is driving up housing prices in greater Sydney".

When framed inversely, as "Foreign investment has no impact or very small impact on greater Sydney's housing market", more than two-thirds of participants (68%) disagreed with the statement.

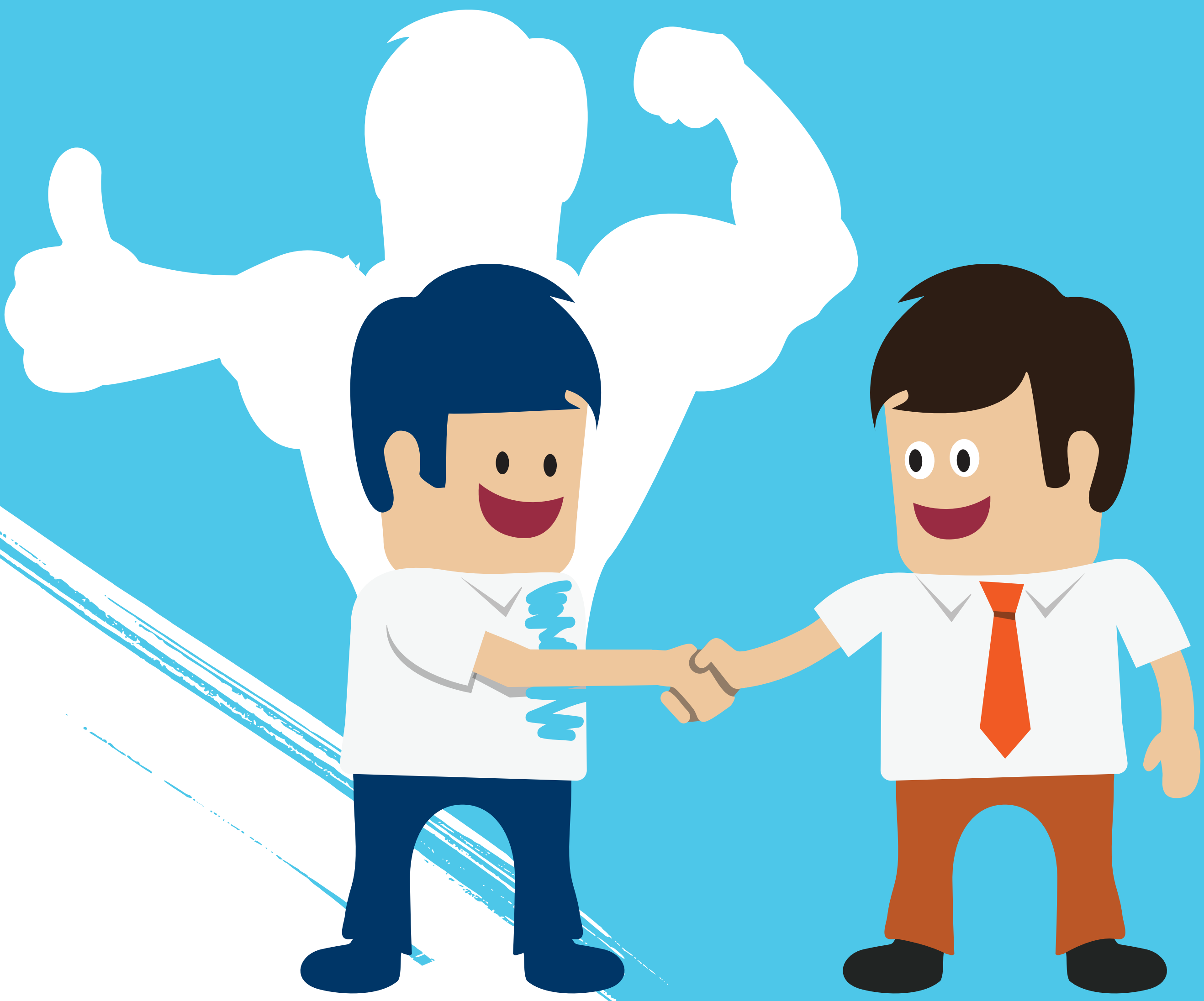
Only 6% of our participants disagreed that foreign investment was increasing real estate prices. Around 11% agreed that foreign investment had no or minimal impact.

We expected people to report that foreign people and capital are driving up housing prices and making it more difficult for Australians to compete in the housing market. But we were surprised by the findings about Sydneysiders' views on foreign capital and housing supply.

When asked if "Foreign investment can help increase housing supply in greater Sydney", 48% of participants disagreed with the statement. Another 25% "neither disagreed or agreed".

Easy to sell.
Easy to apply.
Easy to deal with.

Hey, what are mates for?



AdelaideBank

it's personal

brokers.adelaidebank.com.au

NATIONAL MARKET SNAPSHOT

EXTRACTED FROM REAL ESTATE MARKET FACTS, MARCH QUARTER 2017

- *Quarterly Australian weighted average median house price is $763,892*
- *Quarterly Australian weighted average median other dwellings price is $587,290*

Median house prices up:

Melbourne 7.6% to $826,000
Sydney 3.4% to $1,167,127
Darwin 2.7% to $530,000

Median house prices down:

Canberra 4.9% to $594,500
Hobart 4.7% to $410,000
Perth 2.8% to $510,500
Brisbane 1.9% to $505,000
Adelaide 1.3% to $444,000

Median other dwelling prices up:

Melbourne 3.8% to $583,000
Sydney 3.1% to $741,789
Hobart 2.3% to $309,000
Perth 1.7% to $419,000
Canberra 0.2% to $426,000

Median other dwelling stable

Adelaide at $335,000

Median other dwelling prices down:

Brisbane 2.0% to $401,875
Darwin 10.4% to $430,000

NATIONAL AFFORDABILITY SNAPSHOT

EXTRACTED FROM ADELAIDE BANK/REIA HOUSING AFFORDABILITY REPORT, MARCH QUARTER 2017

	Mar 2017	Dec 2016	Mar 2016
Proportion of family income to meet:			
Home loan repayments	30.4%	31.7%	31.7%
Rent payments	24.6%	24.5%	25.1%

NSW Monthly loan repayments declined over the quarter for NSW

VIC The number of new home loans to first home buyers declined by 14.7% in Victoria

QLD Housing affordability increased for both rents and loan repayments in Queensland

SA South Australia and Tasmania are the only states where the average first home buyer loan increased

WA Both housing loan and rental affordability has improved in Western Australia

TAS Tasmania is the only state where first home buyers loan is higher than change over buyers

NT Northern Territory had the highest decrease in size of new loans

ACT ACT recorded the largest decrease in first home buyers over the quarter

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

REAL FIGURES ON NEGATIVE GEARING AND HOUSING AFFORDABILITY

Recent political debate on housing affordability in Australia has been conducted in a fact-free vacuum.

Various participants, including MPs from Labor, Greens and the Coalition; economists like Saul Eslake and Ross Garnaut; and think tanks like the Grattan and the Australia Institutes confidently assert that the tax system favours investors over owner-occupiers.

This, they say, is causing a housing affordability problem.

We put these assertions to the test by modelling the average housing investment over the last five years – a period for which the Australian Bureau of Statistics and the Reserve Bank give us excellent records for average prices, rates and interest rates.

The model, using history, not guesses about the future, shows the biggest tax shelter goes to owner-occupiers, not investors.

With an initial 20% deposit, under existing tax laws, the owner-occupier would have received a 26.83% return per annum after tax. This compares with the 15.86% an investor would have received on the same average property.

The reason for the discrepancy is that investors pay capital gains tax whereas owner-occupiers don't.

No surprises there. Every suburban real estate agent has the clients who live in the house while they do it up to flip, precisely because they gain capital gains relief they wouldn't as an absentee developer.

Owner-occupiers also gain a benefit from living rent-free in their own property.

We also modelled Labor's proposed negative gearing changes. These eroded the returns to investors, but on the 20% deposit scenario, they were still a relatively healthy 11.67% pa.

But most of the increase in tax on the property under Labor wasn't from fiddling with negative gearing, but their proposed 50% increase in the capital gains that an investor would pay.

So, if owner-occupiers are so advantaged, why are they finding it hard to get into the market? Again, any suburban real estate agent could tell you – it's the deposit, stupid!

Once you are in the market, at current interest rates, mortgages are quite affordable compared to rent, but because of rapid asset appreciation, deposits have never been harder to save.

We think there is an easy solution to that – allow first home buyers to access their superannuation to complement other savings, on condition that they regard it as a loan and repay it back over time.

The superannuation industry doesn't like this, and Labor leader Bill Shorten referred to it as "raid[ing] superannuation and starv[ing] people of income in retirement".

More hyperbole. Over the five year period of our model the average return on superannuation funds monitored by APRA was 6.8%, and the absolute best return in that period 10.5%.

Compare that to the 26.83% return from the average house bought on a 20% deposit. Every day the potential home owner has to delay buying their house because part of the deposit had been diverted to super is a day they lose money for their retirement.

In the meantime they have to rent. Just as well their landlord continues to get a fair and equitable treatment from the tax system allowing them to deduct their expenses against their income as and when they are incurred.

Upcoming EOFY and budget update seminars

The Office of State Revenue is providing free seminars in Sydney metro and surrounding areas where you can learn about Payroll Tax Annual Reconciliation and State Tax updates in NSW.

View the Free Seminars page on the OSR website for location and registration details.

REGISTER

State Taxes Update

The seminar covers recent amendments to legislation, as well as recent case law, for duties, grants, land tax and payroll tax. Any proposed changes as a result of the state budget will also be discussed.

Payroll Tax Annual Reconciliation 2017

A demonstration of the online 2017 Annual Reconciliation will be presented along with an overview of NSW payroll tax liability, exemptions and rebates.

Payroll Tax Annual Reconciliation 2017 for New Clients

This seminar is tailored to newly registered payroll tax clients or those who are new to the position of calculating and remitting payroll tax. A wide range of payroll tax legislative and administrative issues will be covered. Details of the Jobs Action Plan $6,000 rebate will also be discussed.

REIWA: AFFORDABILITY AND DIVERSITY A SIGNIFICANT ISSUE FOR PERTH'S PRIVATE RENTAL SECTOR

A new rental affordability study has highlighted the challenges very low and low income households face in Perth's private rental sector.

The study, Housing Affordability (Rental) – A study for the Perth metropolitan area, looks at rental affordability for households on very low (less than $43,000), low ($43,000-$69,000) and moderate incomes ($69,000-$103,000), and is the result of a second collaboration between the Housing Authority, Real Estate Institute of Western Australia (REIWA) and Shelter WA.

The report found:

- There is insufficient affordable rental options in Perth's private rental sector, which is placing pressure on the region's social housing system.
- 35 per cent of Perth rental households fall into the lower income categories, however only 19 per cent of rentals in Perth in the 2015-16 financial year were affordable to very low or low income earners.
- Perth's rental stock lacks diversity, with over 70 per cent of all rentals across the metropolitan area have three bedrooms or more.
- The central sub-region contains the bulk of affordable rental housing in Perth. It provides 65 per cent of affordable housing for very low income earners and 49 per cent for low income earners.

REIWA President Hayden Groves said all sectors of the property market need to work together to increase the number of affordable rental properties.

The Housing Authority's General Manager Strategy and Policy Tania Loosley-Smith noted that although the Western Australian property market has been in a cyclical downswing for the past few years, there is still a significant shortage of housing that is affordable for Western Australians on low incomes.

"By a range of measures, this shortage has entrenched over decades and deepened in the last 10 years. It affects our vulnerable citizens, as well as the key workers who are the backbone of our economy," Ms Loosley-Smith said.

"The Housing Authority is committed to addressing these challenges in order to ensure Western Australian families, our local communities, and our economy thrive. That said, achieving these outcomes needs both Commonwealth and State leadership."

Ms Loosley-Smith said she welcomed the Commonwealth Government's commitment to establish a National Housing Finance and Investment Corporation, and its focus on models to increase affordable rentals for people on low incomes.

» *article continues*

AFFORDABILITY AND DIVERSITY A SIGNIFICANT ISSUE FOR PERTH'S PRIVATE RENTAL SECTOR

» *continued*

"Large scale market investment in our rental sector, particularly at the affordable end of the market, is the missing part of the Australian housing continuum and can only be tackled effectively at a national level. This, combined with ongoing funding for the social housing system under the National Affordable Housing Agreement and ongoing State efforts on housing supply and diversity is critical to ensuring that all Western Australians have a place to call home," Ms Loosley-Smith said.

At the state level, the Housing Authority in late 2016 launched the Assisted Rental Pathways Pilot. According to Ms Loosley-Smith, this innovative initiative provides opportunities for social housing applicants – with the desire and means – to move successfully into the private rental market.

"This Pilot is a unique partnership between the government, not-for-profit support providers and participants. It offers rent subsidies and individually tailored support services for up to four years to help people succeed in the private rental market. The project offers benefits for both participants and landlords, and is important in addressing the key finding of the study – the lack of affordable rentals in Perth, despite a high overall rental vacancy rate."

Mr Groves said housing affordability was a critical issue for West Australians and the report emphasised the glaring need for a greater emphasis on the provision for affordable, accessible and appropriate housing options.

"It is clear that the current stock of private rental accommodation does not meet the needs of our community and more needs to be done to address the requirement for choice and housing diversity. The planning system needs to mandate and address housing diversity within the WA planning system," Mr Groves said.

Shelter WA spokesperson Stephen Hall said the research highlighted the lack of accessible and affordable private rental accommodation in Perth for very low and low income households, with only a small number of three or more bedroom properties available to these income brackets.

"This research shows that only a small number of three or more bedroom properties are affordable for lower income families. Shelter WA is concerned that families, especially large families, could be forced to reside in inappropriate and unaffordable housing."

"It is also concerning that households, on very low incomes, including those on disability and aged pensions, are confronted with so few rental options in the Perth metro area. Seniors and those living with a disability, often already have difficulties in their lives, which can be exacerbated by unaffordable and insecure housing."

"Improving inefficiencies in the planning system, replacing stamp duty with a progressive land tax, and ensuring social and affordable housing is provided in and around new developments such as Metronet, can improve the availability of affordable accommodation for Perth households," Mr Hall said.

The Housing Affordability (Rental) – A study for the Perth metropolitan area is a follow up to a study released last November which focused on the impact of housing affordability on home ownership.

When did you last review your Professional Indemnity cover?

When your business is starting out you like to keep things simple, but as your agency grows, so does your level of risk. The cover that was right for you in the beginning may now place you in a position where you are underinsured.

Don't be caught out, get a free insurance health check and ensure you have the right level of cover.

Contact:

1300 734 274

au.propertymanagers@aon.com
aon.com.au/realestate

AON
Empower Results®

PROFESSIONAL INDEMNITY INSURANCE – PEACE OF MIND ON THE REAL ESTATE ROLLERCOASTER

In today's volatile property sector everything is on the move – the real estate advice you provide today could prove risky tomorrow.

Like all other professionals, you have a duty of care to clients who expect a reasonable degree of skill, competence and ability. Most often that is exactly what is delivered – but no-one is infallible and in volatile sectors particularly, whether through error, omission or breach of professional duty, problems can arise leading to clients seeking redress.

That's where Professional Indemnity (PI) insurance comes into effect. For some professionals and Franchise Groups, PI coverage is compulsory and a condition of licensing or registration. Even where it is not compulsory, PI cover just makes sense and savvy real estate agents regularly review the PI policies they hold to ensure they are fully protected now and in the future.

Because PI policies are written on a "claims made" or "claims made and notified" basis, effective coverage is essential even when you or a member of your team takes parental leave, a sabbatical, or retires – the statute of limitations on a PI claim is seven years. PI protection is an important investment in your peace of mind and prosperity.

In the firing line

Couldn't happen to you? Think again.

When a balcony railing collapse led to a 22-year old tenant suffering serious spinal injuries, the property manager was blamed for failing to spot the defect during infrequent and inadequate inspections.

Unable to return to his previous job, the young tenant is retraining for a different role – and seeking damages of more than $750,000.

Meanwhile in a separate case, the marketing collateral for a Brisbane penthouse clearly showed a storeroom, and included it the floorspace calculations. When the buyer moved in however the storeroom was revealed to be part of the building's common property.

» *article continues*

PROFESSIONAL INDEMNITY INSURANCE – PEACE OF MIND ON THE REAL ESTATE ROLLERCOASTER

» *continued*

A claim of more than $100,000 was demanded by the claimant and a confidential settlement was agreed between the parties to pay damages around that sum.

Without effective PI cover these professionals would have endured even greater anguish.

Professional protection

Aon's PI practice leader Mary-Catherine Thomas warns that without effective PI cover professionals risk exposing their balance sheet to significant claims. Some professions, particularly construction, are facing mounting litigation she says, but no profession is immune.

"The moment you provide advice or a service you have an exposure. When it comes to investing in PI it comes down to risk tolerance – how much you are prepared to hold versus insuring it?"

Overlooking PI can prove costly; "If you don't have PI – and there is a claim from a client then you are wearing that 100 per cent on your balance sheet.

"If you do have PI then it covers you for any act, error or omission that an employee or the organisation is deemed to have undertaken."

Like any insurance cover there are benefits from regular review, and by working with an experienced insurance broker, professionals can benchmark current cover against the growth of your business, general market conditions and emerging trends to ensure effective protection.

"Just because you earn a $50,000 fee doesn't mean you can't have a $20 million claim," she warns.

Without effective PI how would your balance sheet fare?

Aon's professional promise

Aon provides innovative tailored solutions to our clients across all professions. Our deep industry knowledge and experience ensures we are our clients' trusted advisors, providing expert advice and solutions for professionals in real estate at every stage of their career.

Our national team can support you today, and protect your tomorrows.

Call 1800 805 191 to learn more about Professional Indemnity or visit aon.com.au/realestate or email au.propertymanagers@aon.com

Escape to Chicago

28th Oct - 9th Nov 2017

Get ready to mix business and pleasure on a fabulous 13 day getaway. You'll have the opportunity to wine, dine and golf on the West Coast of California with like minded professionals. You'll attend the largest real estate conference & expo in the USA (NAR Convention) plus, experience exclusive Board visits in San Francisco and Monterey.

All organised for you

Earn valuble CPD points

Trip is tax deductable

Enjoy a well earned trip away

Package includes:

- Return Economy Airfares with Qantas and American Airlines + all transfers.
- Share Twin Accommodation in quality hotels, central to all the action.
- Day trip to Napa Valley Wine Country with lunch included
- Optional Game of Golf on the Monterey Peninsula (cost on application).
- NAR membership joining fee and Conference registration.
- Welcome Cocktail Party on your arrival in San Francisco.
- Escorted tour by Scott Harvey (founder of Harvey World Travel), partnered with Byron Cruise & Travel.

COST PER PERSON $7,485

FIND OUT MORE

ENQUIRE@SCOTTHARVEYREALESTATE.COM.AU

or call Scott: 0412 296 872

Brought to you by Scott Harvey, founder of the Harvey World Travel Franchise Group, principal director of Scott Harvey Real Estate and in association with National Association of Realtors

This article is brought to you by John Ahern, Chief Executive, InfoTrack

CONVEYANCERS BIGGEST ROADBLOCK TO TRANSACTING REAL ESTATE ONLINE

Despite the New South Wales and Victorian governments commitment to a complete digital property exchange by July 2019, key facilitators in buying and selling property – lawyers and conveyancers– are proving to be the biggest roadblock, with many refusing to use eContracts or exchange on a digital platform, a new survey has found.

According to a survey by legal search provider InfoTrack of 300 lawyers and conveyancers, less than 30 per cent (28.89 per cent) are eContracts of Sale (eCOS) while under 40 per cent (38.66 per cent) currently use PEXA for a digital property exchange.

"The results are disappointing and clearly demonstrate that lawyers in the real estate sector must overcome their long-held resistance to new technologies," says InfoTrack chief executive John Ahern.

"What isn't well understood is that PEXA's digital platform is not e-Conveyancing on it's own; it is the final step in a property transaction. There are a lot of tools with real savings that streamline the first three quarters of the process – in particular eContracts and eSigning. Best of all conveyancers can "hop-on, hop-off". They can test the waters and choose which parts they want to do digitally and which parts they don't. They don't have to go digital all at once.

"As an example, a conveyancer could use IDfy for electronic verification of identity (VOI), then create and exchange a paper contract. Alternatively, he or she could do a VOI the old-fashioned way in the office, create an eContract, print it off and have it signed manually," Mr Ahern explained.

In addition, a comment that consistently came up in the survey – presumably from younger lawyers – was that while they would like to use eContracts, their 'old school' partners don't want to use them.

"As is always the case in any sector that is being disrupted, there is resistance and uncertainty in the market, but eConveyancing technology available today caters to those who are wary because they can adopt it at their own pace – road test what works for them and what doesn't without a significant investment," Mr Ahern added.

Not surprisingly, respondents are divided on whether conveyancing be 100 per cent digital by 2019 with 54 per cent confident it will be and 46 per cent saying it won't. There is also some resistance to increasing the spend on technology to be 100 per cent digital by 2019 with 43.2 per cent saying they won't increase their spend and 56.8 per cent saying they will.

"Clearly more needs to be done to convince lawyers and conveyancers that eContracts are not only effective but also that they are very good for the bottom line. Again, there are enormous time and cost efficiencies in moving to digital platforms. "However, entrenched 19th century thinking is costing conveyancers and lawyers in the real estate sector dearly. "It's up to people like InfoTrack to make the transition to eContracts and a digital future painless and profitable," Mr Ahern concluded.

Your life your fund

Braden Walters, REI Super member

Get some good advice

from the super professionals for the real estate industry.

We've been managing super for Australia's real estate employees since 1975, so it's fair to say we know what we're doing.

For over 40 years our members have enjoyed:

- Low fees
- All profits returned to them
- Strong long-term investment returns*

Our expert advisers can assist with:

- options on how to maximise your super
- investments
- insurance
- retirement planning

Call us on 1300 13 44 33 for low-cost advice on your super options, or visit www.reisuper.com.au/super/advice

*Past performance is no indication of future performance.

Low fees
Profits to members
Strong returns
www.reisuper.com.au

MySuper Authorised

SUPER RATINGS RISING STAR FINALIST 2015

SUPERRATINGS GOLD 2016 CHOICE SUPER

SELECTING SUPER AAA QUALITY INDEPENDENT RESEARCH CONDUCTED BY RAINMAKER INFORMATION. LIC 20150522

REISuper

An Industry SuperFund

Justin Nickerson, winner of Australasian Real Estate Institutes' Auctioneering Championships 2016

SAVE THE DATE

AUSTRALASIAN REAL ESTATE INSTITUTES' AUCTIONEERING CHAMPIONSHIPS 2017

ADELAIDE CROWNE PLAZA HOTEL

5-7 SEPTEMBER 2017

REIA
REAL ESTATE INSTITUTE OF AUSTRALIA

REINZ
REAL ESTATE INSTITUTE OF NEW ZEALAND

REISA
REAL ESTATE INSTITUTE OF SOUTH AUSTRALIA

REINSW: FORMER TEACHER WINS WOLLONGONG NAC

A former teacher who switched to full time real estate has won the Wollongong Novice Auctioneers Competition held on Thursday 18 May.

Jake Mackenzie, Residential Sales Agent for MMJ North – Corrimal, beat off competition from nine other hopefuls to be crowned the champion in his first-ever auction.

He auctioned corporate tickets for a NRL match for $1,100 on a night which raised $8,015 for the I98FM Illawarra Convoy and McGrath Foundation.

Jake said, "I was inspired to enter by auctioneers like Scott Kennedy-Green, Damien Cooley and Josh Larsen who I have watched over the years.

"I was a little nervous beforehand, and shocked and surprised when I found out I had won because the others competitors were solid.

"To anyone thinking about taking part I would encourage them to do it because it is a fantastic feeling and great way to raise money for charity."

He added, "I made the switch from teaching to become an agent because I have always had an interest in real estate. My teaching experience helped me in the auction because you have to stand up in front of a class and talk to the students."

Jake will compete in the NAC State Final in Sydney on 10 August where the overall winner scoops $1,000, gets to conduct the charity auction at the REINSW Women in Real Estate Conference, and receive two tickets to the REINSW Awards for Excellence dinner.

There are three remaining heats which are being held at:

Heat 8: Dee Why
Tuesday, 27 June 2017

Heat 9: Newcastle
Wednesday, 5 July 2017

Heat 10: Balmain, Sydney
Thursday, 13 July 2017.

John Cunningham (left) with Jake Mackenzie

TASMANIAN RESIDENTIAL TENANCY ACT

This article is brought to you by Mark Berry, Chief Executive Officer, Real Estate Institute of Tasmania

The Real Estate Institute of Tasmania (REIT) and members for some time have had concerns in relation to the currency of the Tasmanian Residential Tenancy Act.

The REIT have been advised that the Tenants Union of Tasmania have proposed a standard residential tenancy agreement.

REIT CEO Mark Berry stated that the REIT has absolutely no appetite for prescribed documents that become very cumbersome when seeking amendments, further more stating that the REIT representing approximately 95% of Real Estate professionals in Tasmania already have access to the REIT standard lease agreement has asked where has the need arisen.

Over recent years there has already been the introduction of minimum standards in legislation that was supported by the REIT. The basic standard of some heating, weather proof, flushing toilets, cooking facilities and the property being presented in a clean manner at the beginning of a lease is simple stuff that is very welcome by our members.

However the REIT and members have serious concerns on how far other bodies want to erode the rights of landlords/property owners. The very people who provide the market with rental properties are constantly under attack because of high rents, low vacancy rates and the expectation that these investors should be providing affordable housing.

The REIT is in the process of discussing these matters with government and seeking a review of the Residential Tenancy Act to include break lease fees so when a tenant leaves a contract early they are responsible for paying something towards the Property Managers time in inspecting and reletting the property. Also to be discussed will be options of pet bonds which do not currently exist in Tasmania but do in many other states. We will be seeking a fair and level playing field for not only the tenant but the property owner and property manager alike.

INDUSTRY UPDATE

Industry news from around Australia

REIV: Budget initiatives to skew citywide values in June

The Government's first homebuyer initiatives are likely to skew citywide values in the June quarter, the Real Estate Institute of Victoria said today.

Announced in March, the removal of stamp duty for properties under $600,000 has resulted in a considerable reduction in the number of homes selling below this value in the three months to June 30.

New REIV data shows the proportion of sales below $600,000 for the June 2017 quarter is currently around 32 per cent, down from 41 per cent for the same period last year and 45 per cent in June 2015.

REIV President Joseph Walton said many vendors in the $600,000 price bracket had held off listing their homes until the stamp duty concessions come into effect on 1 July.

"The reduction of properties at the lower end of the market is likely to noticeably increase the metropolitan Melbourne median in the June quarter.

"This will be particularly evident in the city's middle and outer rings, which have seen the greatest reduction in property sales below $600,000."

REIV figures show the proportion of sales below $600,000 in Melbourne's middle ring – that is between 10km and 20km from the city – is currently around 19 per cent, down from 32 per cent last year.

The city's outer ring has also been affected by the new initiatives with the proportion of sales under $600,000 falling from 53 per cent last year to just 41 per cent in the June 2017 quarter.

"These reductions are a larger drop than typically seen by strong price growth alone."

Mr Walton added that as a result of the Budget incentives, the REIV expects the market to correct in the September quarter.

"The September quarter median price will be a more representative figure as the supply of listed properties will better reflect overall market performance.

"The property market is seasonal and can easily be influenced by Government policy. The market is likely to correct in the September quarter when a higher proportion of homes sell at the lower end of the market.

"The last time the citywide median moderated (December 2015) was due to a higher proportion of sales in the city's outer suburbs."

Mr Walton said the inner city house market is unlikely to be impacted by first homebuyer incentives, however units in these suburbs may benefit from stamp duty concessions.

REINSW: Strata model by-laws survey now available

REINSW members can now access a FREE strata model by-laws survey to help find out lot owners' preferences on a variety of by-law matters.

The survey contains a user guide and includes 23 questions intended to help the strata manager find out lot owners' views on different by-laws.

The form is available to download on REI Forms Live. REINSW Strata Management Committee members' Leisha de Aboitiz, Christine Nesbit and Gary Adamson, helped develop the survey.

STRATA MANAGER VIEWS

Leisha de Aboitiz, Partner at Massons, said: "The survey is intended to be a helpful and cost-effective tool for strata managers given the statutory obligation to review by-laws by no later than 30 November 2017 (see clause 4, Schedule 3 of the *Strata Schemes Management Act 2015* (NSW)).

"Many strata managers have indicated that they are not quite sure where to start and are daunted by the size of the task – given most strata managers will need to carry out this review across numerous schemes under management.

BY-LAW

"This survey is designed to be user friendly and to help "get the ball rolling". By starting the conversation with lot owners directly via a simple user-friendly survey, strata managers can collate feedback and assess majority opinion before drafting motions and setting the agenda for a general meeting.

"If a Scheme can genuinely improve its by-laws (rather than just ticking a compliance box) then it is a win for the scheme and a win for the strata manager – because sensible scheme-specific by-laws will always make day-to-day management a much easier task for all involved."

Christine Nesbit, Principal of Albury Wodonga Real Estate, said, "The survey is a great tool for strata managers and owners to use. It allows owners to be involved with making decisions about their scheme and the by-laws that control it.

"Issuing the survey also gives people time to take it away and look at it and make their recommendations. There is less chance of disagreements at a meeting because everyone has had their say already. It is also a record if anyone says they have not been consulted.

"I will be using it and would recommend strata managers use it before a meeting or when they take over a new scheme as it will be valid until a new act is introduced or until legislation changes."

POLITICAL WATCH

Information and news from government

Australian Competition and Consumer Commission: Businesses lost an average of $10,000 to scams in 2016

Nearly 6000 businesses reported being targeted by scams in 2016 according to the Australian Competition and Consumer Commission's *Targeting Scams* report, with losses totalling around $3.8 million, an increase of almost 31 per cent.

The highest losses were to computer hacking, fake investment schemes and buying and selling scams, according to reports made to Scamwatch over the past year.

"As recent events with the WannaCry ransomware scam demonstrates, businesses can be just as vulnerable to scams as anyone else in the community," ACCC Deputy Chair Dr Michael Schaper said.

"Unfortunately ransomware scams like WannaCry targeting businesses are not uncommon – we're seeing steep increases in scammers contacting businesses to swindle them out of their money with varying types of scams. Small businesses with fewer than 20 staff are in particular the most vulnerable to scammers and accounted for nearly 60 per cent of reported losses."

"The vast majority (85 per cent) of scammers make contact with businesses via email or phone, so it's important for any business to be aware that these scams are out there in the community and to scrutinise any requests they receive for payment or sensitive information," Dr Schaper said.

Scamwatch reports the top three scams business should be aware of are:

- **Ransomware** – these scams trick a victim into downloading a virus that infects computer systems and prevents user access until payment is made to unlock it. In 2016, reports indicate that there was an increase in ransomware emails to businesses, purportedly from legitimate companies such as Australia Post or a utility provider.
- **Business email compromise scams** – these are a form of hacking scam that operate by the scammer obtaining access to a business' email address. The scammer will then send an email (purportedly from senior management) to the business' suppliers advising of new payment arrangements and requesting a wire transfer to the new account.
- **Investment scams** – these scams are promoted as business opportunities (for example sports investment or stock broker scams, superannuation schemes or managed funds) and promise inflated returns but are, in reality, nothing more than a method used to drain a business of its funds.

"Attacks on businesses where scammers try to trick, deceive or manipulate businesses into sending money or divulging confidential information continue to increase in both frequency and sophistication," Dr Schaper said.

"These scams often result in one-off losses that a business can recover from. However, hacking, malware and targeted phishing now present significant financial and reputational risks to business."

PROTECT YOUR BUSINESS

There are practical steps all businesses can take to protect themselves from scams:

- always scrutinise new requests for any payment and have a clearly defined process for verifying and paying accounts and invoices.
- regularly back-up your computer's data on a separate hard drive so this can be easily re-installed if your computer is infected by malware or ransomware.
- ensure your computer has a firewall and up-to-date anti-virus and anti-spyware software.

Businesses can learn more about scams, including how they can be avoided, by visiting the Scamwatch website, signing up to Scamwatch radar alerts, and following Scamwatch on Twitter

POLITICAL WATCH

Information and news from government

Australian Taxation Office: Avoid these five common property investor pitfalls

1: Not reporting all of your rental income

Any income you receive from your rental property must be included on your tax return. This includes any bond payments you are entitled to keep and some insurance payouts.

2: Fail to keep records

Keep records of your expenses for five years after you claim them on your tax return. If you're audited you'll need to provide proof of expense, otherwise you won't be able to claim the expense as a deduction.

3: Confuse improvements with repairs

Get your expense claims right by understanding the difference between initial repairs, improvements and repairs.

- Initial repairs, such as repairing the water pipes before any tenant can move in are not deductible as repairs for tax purposes. They are considered capital.
- Structural improvements, even if made after starting to rent, such as adding a pergola, are not deductible as repairs and are treated as capital works.
- Ongoing repairs, such as fixing a fence damaged by a storm, are classed as a repair for tax purposes and are immediately deductible.

4: Divide income and expenses incorrectly on co-owned properties

If you co-own your investment property, you need to divide the income and expenses according to your ownership share, based on your legal interest (tenants in common or joint ownership) in the property, not based on a verbal or written agreement that sets out a different proportion.

5: Cost yourself too much capital gains tax

If you decide to turn your private residence into a rental property you should get a property valuation before you do so. This will ensure that if you make a profit when you sell, you are only paying capital gains on the property limited to the extent of any increase in value from when it became an investment property.

Australian Taxation Office: Homing in on holiday homes

The ATO is reminding taxpayers that it's paying close attention to rental properties located in popular holiday destinations around Australia.

Assistant Commissioner Kath Anderson said that last year the ATO identified a large number of mistakes with deductions for rental properties, particularly with regards to holiday homes.

"We've noticed some people are claiming deductions for holiday homes even where the property is not genuinely being rented out, or genuinely available for rent," Ms Anderson said.

"There's no problem with people using their rental property for their holiday, but holiday home owners need to remember they can only claim tax deductions for expenses made during a period when the home is rented out or genuinely available for rent."

Property owners also need to understand that if they rent their property at a discounted rate, or 'mates' rates' they can only claim deductions equal to the amount of rent charged.

"One taxpayer had to pay the ATO back over $45,000 in tax from deduction claims made for a holiday home they were renting out to friends and family below the market rate."

Ms Anderson said the ATO is focused on using data to identify errors.

"Property owners should be aware that incorrect rental property claims will not go unnoticed. Technology enhancements and extensive use of data is allowing us to identify incorrect or suspicious claims. We also have a good idea of the locations likely to be used for holiday homes."

Ms Anderson said that all rental property owners, particular those who rent out holiday homes, should always double-check their claims before lodging their tax return, and follow a couple of simple rules.

"Firstly, make sure that you declare all rental income and only claim deductions for periods that the property is rented or was genuinely available for rent."

"Secondly, make sure you have accurate records of expenses, and strong evidence of the property being rented or genuinely available for rent at market rates. Advertising through a real-estate agent or an online site is not always enough evidence to demonstrate that a property is genuinely available for rent."

For more information on Holiday homes, visit ato.gov.au/holidayhomes

For more general information on rental properties, visit ato.gov.au/rental

» *article continues*

POLITICAL WATCH

Information and news from government

CLAIMING DEDUCTIONS FOR YOUR HOLIDAY HOME?

Make sure it's genuinely available for rent by answering these four questions

As a rental property owner, you probably know that you can claim deductions on expenses for your investment property when it's rented out. But what happens when your property isn't rented out? You can claim a deduction if your property is genuinely available for rent; ask yourself the following four questions to help you determine this.

Different rules apply if you're renting out your private residence – check out ato.gov.au/sharingeconomy for more information.

How do you advertise your rental property?

You need to advertise in a way that maximises exposure to potential tenants such as an online site. Advertising in ways that limits exposure to potential tenants, such as by word of mouth, means your property may not be genuinely available for rent.

What location and condition is your rental property in?

It's important that your rental property is in a location and condition that tenants will want to rent it in. If your property is poorly cared for, or in a remote area, it is unlikely to be tenanted, and may not be classed as genuinely available for rent.

Do you have reasonable conditions for renting the property and charge market rate?

If you place unreasonable conditions that reduce the likelihood of your property being rented out, such as setting the rent above market rate, your property may not be considered genuinely available for rent. Likewise, if you, your family or your friends stay for free, your property will not meet the criteria during that time period. If the property is being tenanted at a discounted rate ('mates' rates') then the allowable deductions are limited to the amount of rent charged, not market rates.

Do you accept interested tenants, unless you have a good reason not to?

If you refuse to rent out your property to interested potential tenants without a good reason, this indicates that you may not have a genuine intention to make income from the property and could be reserving it for private use. In this case, your property wouldn't meet the criteria for being genuinely available for rent.

NSW Government Small Business Commisioner: Small business urged to improve cyber awareness

Almost 1 in 3 small businesses in NSW have been victims of cybercrime according to a new survey released today from the Office of the NSW Small Business Commissioner.

The survey of 1,400 small and medium sized businesses shows around half of the companies surveyed felt their limited online presence – often just a business website with contact details and social media – meant they're less exposed to cybercrime.

NSW Small Business Commissioner Robyn Hobbs, says this is not the case.

"Doing business online can open up huge opportunities but small businesses need to take full account of the risks – for example something as simple as using email every day or taking a phone call can present a big cyber security risk to any business," Ms Hobbs said.

"Research shows around half of cyber security incidents target small businesses and almost 60 per cent of cybercrime impacts small and medium sized businesses.

"Our survey shows two out of three small firms in NSW said they felt well informed about the risks of cybercrime and 80 per cent of companies said they felt they could respond to a security breach – making them more confident than most ASX listed companies.

"Going digital can be a fantastic way of growing your business but there's no room for complacency – the risks are real and we're encouraging small businesses to be aware and stay safe.

"The survey shows small businesses remain concerned about a variety of cyber security events including fraudulent emails or phone calls, social media hacking, online banking fraud, crypto-ransomware and malware.

"They also want help when it comes to tackling cybercrime – more than 90 per cent said they needed risk management tools to assist in protecting them from cybercrime," Ms Hobbs said.

"Some simple ways for small businesses to manage cyber risks to their business include educating and training staff, continuously updating software, using two-factor identification for emails and payments, encrypting important customer files," Ms Hobbs said.

Businesses can also access the NSW Government's Business Connect program and its team of specialist digital business advisors by calling 1300 134 359.

For more information and to see the full report visit www.smallbusiness.nsw.gov.au

POLITICAL WATCH

Information and news from government

Government of Western Australia:
The Hon Ben Wyatt MP
Treasurer and Finance Minister

Temporary first home owner boost to end to assist with budget repair

- *The $5,000 first home owner grant boost payment to cease on 30 June 2017.*
- *$10,000 first home owner grant still available.*
- *Improvement to State›s finances of about $20 million over the forward estimates period.*

Treasurer and Finance Minister Ben Wyatt today announced the temporary boost to the first home owner grant will cease on 30 June 2017.

The boost – announced by the previous government in December 2016 – increases the first home owner grant payment from $10,000 to $15,000 on purchases of new homes, and had previously been scheduled to cease on 31 December 2017.

However, given the deterioration in the State's finances since the release of the Pre-election Financial Projections Statement, the State Government has decided to cease the boost payment early.

First home buyers will continue to be eligible for the $5,000 boost payment if they enter into a contract to purchase or build a new home before 30 June 2017. Owner builders also remain eligible if they start laying foundations before that date.

The boost payment applies to new homes up to the value of $750,000 (or up to $1 million if the home is located north of the 26th parallel), consistent with the eligibility requirements for the first home owner grant. To be eligible for the boost payment, first home buyers must also meet the previously announced conditions regarding the timing of construction.

From 1 July 2017, first home buyers purchasing or constructing a new home will remain eligible for the $10,000 first home owner grant.

In addition, eligible first home buyers purchasing a new or established home will continue to be exempt from duty on homes valued up to $430,000 or vacant land valued up to $300,000, and to receive a concessional rate of duty on homes valued up to $530,000 or vacant land valued up to $400,000.

Comments attributed to Treasurer and Finance Minister Ben Wyatt:

"The boost is not an effective mechanism for stimulating additional construction of homes and given the disastrous state of the finances which we have inherited, we need to remove any ineffective spending."

"Ceasing the boost early will allow the State Government to fund higher priority areas while ensuring Western Australian first home buyers continue to be eligible for generous Government assistance."

"This action represents another $20 million saved over the forward estimates. It's another step towards budget repair."

POLITICAL WATCH

Information and news from government

The Hon Michael McCormack MP
Minister for Small Business

Delivered: instant asset write-off extension

Australia's 3.2 million small businesses can continue to purchase equipment up to $20,000 and write it off immediately thanks to legislation passed by the Senate today, Small Business Minister Michael McCormack says.

"Around Australia I have heard from hundreds of small businesses how helpful the $20,000 instant asset write-off is to purchase the equipment they need to grow and create opportunity," Mr McCormack said.

"The Government listened to feedback of small business owners and operators and extended the program in the Budget.

"I have seen firsthand how small businesses across the country use it to grow, invest in themselves and get more customers through the door.

"From a Greek café in Parramatta which told me about the new kitchen equipment creating a 'chain reaction' in the local community and improving staff morale, to the Bundaberg jeweller whose new drill will help the family enterprise make its product more efficiently, I know this program helps small business grow.

"Already, a manufacturer of silo equipment in the New South Wales Central West is seeing an increase in orders for farm grain feeders and catering companies in regional Western Australia are looking to buy new fridges, thanks to this Government's extension.

"The 3.2 million small businesses now have the freedom needed to purchase new equipment and expand, thanks to the Budget Bill which passed the Senate on 15 June."

Mr McCormack said recent tax cuts for small business – which delivered a 27.5 per cent tax rate – also redefined 'small business', meaning more Australian businesses are now eligible for the instant asset write-off.

"In cutting the small business tax rate to its lowest level in many, many decades we also redefined 'small business' to a $10 million annual turnover, up from $2 million," Mr McCormack said.

"This means thousands more small businesses are now eligible for the write-off, as well as paying less tax.

"Shopping local is a great way to see the small business investment benefit the local community, as each and every additional dollar spent locally injects confidence in that community," Mr McCormack said.

"Small businesses always back their regions and I urge them to use the instant asset write-off extension to keep that money flowing around local communities to build the economy and create jobs.

"Investment will help create local jobs and opportunities for more Australians as more small businesses grow and expand into the future."

For more information on support for small business, please visit the Smallbusiness website.

NSW State Budget Papers

The NSW Government's package of reforms to support first homebuyers includes measures to boost supply and deliver essential state and local infrastructure critical to new housing such as roads, utilities and schools.

Key elements of the package include:

First homebuyers' assistance

- transfer duty abolished for first home buyers on new and existing homes up to $650,000 and stamp duty reductions for properties between $650,000 and $800,000
- $10,000 grants for first home buyers purchasing new homes up to $600,000
- targeting off the plan transfer duty deferrals to owner-occupiers
- insurance duty on lenders' mortgage insurance will be abolished
- introduction of a First Home Builder Grant of $10,000 for people who build their first home on vacant land, where the total value of the house and land does not exceed $750,000.

Increasing housing supply

- the Government will ensure that the Greater Sydney Commission's final District Plans contain housing supply and housing diversity targets for each Local Government Area
- up to $2.5 million provided to priority councils to fast track updates of Local Environment Plans that put District Plans into practice allowing more housing to be supplied in the right areas
- rezoning for Priority Precincts and Priority Growth areas will be accelerated as an interim step to deliver 30,000 additional dwellings
- the Government will consult on greater use of independent panels to determine more local development applications to speed up approvals complying development rules will be simplified in greenfield areas and medium density housing.

For more information visit the website.

THE WORLD

Property news from around the world

Median house prices in New Zealand up by almost 7% in 12 months to May 2017

Median house prices across New Zealand increased by 6.7% to $540,100 in the year to May 2017, according to the latest data to be published.

Record median prices were recorded in four of the 14 regions covered by the Real Estate Institute of New Zealand (REINZ) with Northland at $450,000, Manawatu/Wanganui at $269,000, Nelson/Marlborough at $483,250 and Southland at $238,000.

Median house prices in Auckland increased by 5% year on year to $865,500 and were up 1.6% month on month, but growth is slower than a year ago.

Housing market activity nationwide was up 5% year on year with a breakdown of the figure showing it was up in Auckland by 1.8% and outside Auckland by 11.1%. However, month on month housing market activity nationwide was down 0.4%, down 0.7% in Auckland and up 0.2% outside Auckland.

According to REINZ chief executive officer Bindi Norwell, the figures show that there is strong price growth in some regions and a stable market in Auckland.

'We are seeing a continuing trend of strong median house price growth in many of the regions year on year, however, a lack of inventory continues,' she pointed out.

The data also shows that sales fell by 18.4% nationally year on year, down 27.5% in Auckland and down by 13.6% in the rest of the country. On a seasonally adjusted basis, this indicates a decrease nationally of 22.2% and fall of 31.2% in Auckland.

The number of properties for sale in the Auckland region increased by 47% while elsewhere they fell by 14%. Year on year listings fell 0.7% in Canterbury, 6.9% in Wellington and 6.1% in Waikato.

'In Auckland, with sales volumes down, inventory levels increasing, the number of days to sell increasing and the level of auctions decreasing you may have expected to see prices decreasing in Auckland, however, this is not the case,' Norwell explained.

'This can be explained by looking at the wider fundamentals currently at play in New Zealand. Given the considerable mismatch between population growth, increasing immigration figures, low interest rates, high housing demand and low building consents and housing supply, it's clear why prices are still rising , although at single rather than double digit growth levels,' she said.

'We believe that overall buyers are being more cautious. We're heading into winter which traditionally sees a slowdown in activity, we're in an election year, some political uncertainty globally in some of our traditional trading markets and first time buyers are finding access to capital more difficult. This goes some way to explaining the intricacies of what we're currently seeing in the New Zealand market,' she added.

Property prices worldwide up by 6.5% in year to March 2017

Globally property prices in key locations increased by 6.5% in the 12 months to March 2017, the highest rate of growth for three years, according the latest index.

Overall, 11 countries out of 55 recorded double digit price growth in the year compared to only four a year earlier, the figures from the Knight Frank global house price index shows.

Iceland led the index, recording average price growth of 17.8% in the year to March 2017 while price growth in China slipped marginally to 10.3% per annum with more than 45 cities having implemented home purchase restrictions.

Ahead of their 2017 elections France and the Netherlands saw price growth increase while in South Korea, the UK and Germany price growth slowed.

The data also shows that it is not simply that more countries are recording positive growth although that has played a part. While 43 countries recorded price rises in the first quarter of 2016, this has now risen to 48.

This rise has been accompanied by a concomitant increase in the number of countries seeing double digit annual growth rates. Kate Everett-Allen, head of international residential research Knight Frank, explained that given the uncertain global political landscape, the ramping up of cooling measures in large parts of Asia and the unravelling of stimulus measures such as QE in some parts of the world, growth is helped by economic growth.

She pointed out that the International Monetary Fund (IMF) forecast global GDP to rise by 3.5% in 2017 up from 3.1% in 2016 and property's reputation as a safe haven investment is also adding property price growth along with the greater availability of mortgage finance in developing markets.

Iceland, which leads the rankings for the second consecutive quarter, is heating up with average house prices rising by 17.8% year on year with a dearth of new supply behind the accelerating prices. Iceland's Housing Financing Fund suggests 9,000 new apartments need to be delivered over the next three years in Reykjavik alone to keep pace with demand.

Although China has slipped from seventh to tenth in the annual rankings this equates to a marginal fall from 10.8% last quarter to 10.3% this quarter. 'Despite various property market cooling measures, including home purchase restrictions (HPR) and increased down payment ratios, residential prices continued to rise,' said Everett-Allen.

In Europe prices are up 12.6% in Malta, up 11% in the Czech Republic, up 10.7% in Estonia and up by 10.5% in Hungary. The report says that economic expansion and the Individual Investor Programme (IIP) explain Malta's rise, whilst historically low interest rates, wage increases and rising foreign interest are strengthening demand in the remaining three.

With the UK facing political uncertainty, the data suggests property prices continue to ease with annual growth reaching 4.1% in the year to March, down from 5.3% a year earlier. A brief look at some of the key elections in 2017 shows France and the Netherlands stand out as two key countries where price growth strengthened ahead of their polls.

Articles courtesy PropertyWire.com

REIANEWS

IS A PUBLICATION BROUGHT TO YOU BY THE REAL ESTATE INSTITUTE OF AUSTRALIA. FOR FURTHER INFORMATION ABOUT ADVERTISING, PLEASE CONTACT REIA ON 02 6282 4277 OR AT REIA@REIA.COM.AU

16 THESIGER COURT, DEAKIN ACT 2600
02 6282 4277 I WWW.REIA.COM.AU