

REIANEWS

ISSUE 72: OCTOBER 2017



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PRESIDENT'S REPORT

Mr Malcolm Gunning
REIA President



WELCOME FROM REIA'S PRESIDENT

Welcome to the October edition of REIA News.

Following on from the articles in the last three REIA News on the journey the REIA has embarked on towards professionalism, this month we have the fourth and last in that series.

All the REIA's member REIs are whole heartedly behind the push towards professionalism. Industry sentiment and the desire to raise the bar have given us the direction we need. Member agents want to see themselves at the centre of this change rather than allowing to be distracted by threats of disruption.

Consumers are at the core of the changes and will see enormous benefits from the shift.

To push through with the objectives REIA has formed a Professionalism Committee under the chairmanship of the author of one of this month's articles, John Cunningham, which meets regularly.

Achieving the objectives will not be an overnight solution. It will take time and it will take energy and commitment but for the committed professional agent it will be readily achievable.

As progress is made more will be written in future editions of REIA News.

I hope you enjoy reading this month's edition.

Mr Malcolm Gunning

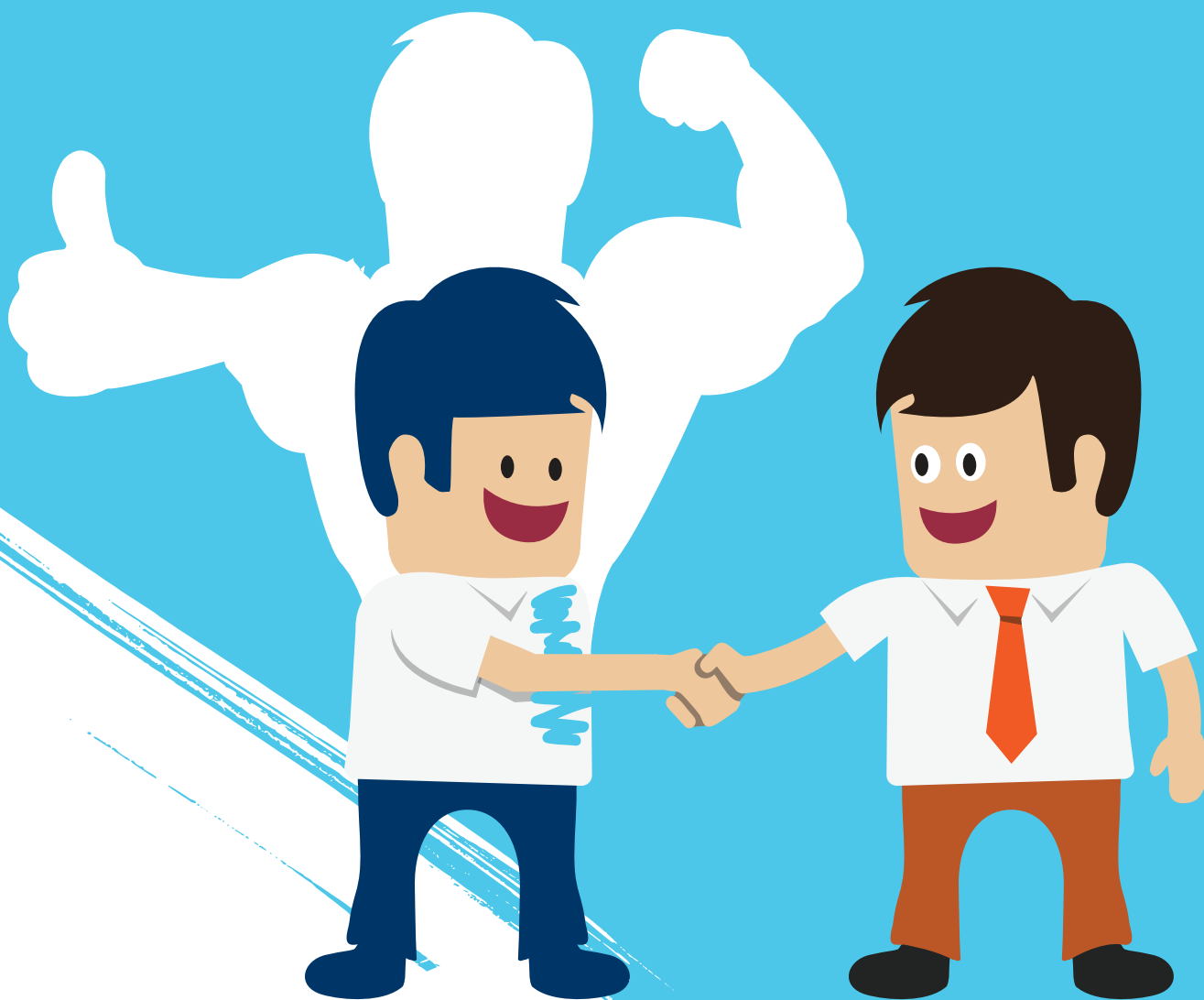
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PATH TO PROFESSIONALISM

PART 4 EXPERIENCE COUNTS

This article is brought to you by **John Cunningham** President, REINSW and REIA Board Member



EXPERIENCE TAKES MORE THAN JUST TIME

Calvin Coolidge, the 30th President of the United States of America, once said: “Knowledge comes, but wisdom lingers.” These words uttered in the 1920s ring true today, as the real estate industry works toward the goal of achieving professional recognition.

Espousing the importance of experience, President Coolidge went on to say that “It may not be difficult to store up in the mind a vast quantity of facts within a comparatively short time, but the ability to form judgements requires the severe discipline of hard work and the tempering heat of experience and maturity”.

Experience counts. We can never lose sight of that.

Education and experience must come together if agents are to be recognised as professionals. There needs to be a marriage between theoretical learning and the experience an agent gains on the job.

Learning is not the product of education alone. It’s also the product of activities completed by the learner. If an agent doesn’t have the benefit of theory, then they will do what they have been shown but will not understand why they’re doing it. Equally, if there’s an absence of practical experience, they’ll understand what needs to be done but won’t know how to do it.

Practice makes perfect – or, more to the point, experience makes perfect.

The Professional Standards Councils, with its agency the Professional Standards Authority, is the independent statutory body responsible for promoting professional standards. They use the five Es to define the elements that are necessary to qualify as a profession.

Experience is the third E and to be recognised as a profession, and we must demonstrate that agents have the capability to practice at a professional level.

Education is not experience

Being competent and being capable are two different things. Yes, to be recognised as a professional you need to prove that, through your education, you are competent to perform the duties of an agent. But you also need to prove that you have the capability to perform those duties – and this capability comes through experience.

The training reform package announced in November 2016 by the NSW Government includes a number of “experience requirements”. This was “something quite different to the experience that will be required to be proven for professional recognition”. Under the training reform package, to obtain a Real Estate Licence, agents will be required to complete a Certificate IV qualification and complete at least 12 months’ experience to be assessed as competent. And if an agent wants to become a Licensee-in-charge, they will need to complete at least two years’ experience within a licensed business, in addition to completing a Diploma level qualification, to be deemed competent.

PATH TO PROFESSIONALISM

PART 4 EXPERIENCE COUNTS

» *continued*

Yes, the experience gained to achieve these educational qualifications will be extremely valuable. It will prove that agents are competent to carry out various aspects of their role. But the experience component of professional recognition will call for agents to prove capability at another level.

Whereas education requires proof of competency at a particular point in time (being the time of assessment), professionalism requires proof of ongoing capability gained via the ongoing performance of duties, demonstrated skills, client feedback and more.

Over the coming months, REINSW will be working with agents across the industry to define what the appropriate experience standards should be. These standards will then need to be approved by the Professional Standards Authority.

Price isn't everything

The real estate industry is currently suffering from the effects of the NSW Government's focus on pleasing "the god of competition".

There's no doubt that competition is an essential market force. But that competition must be competent and capable. Those serving the community must have the experience to deliver the expected level of service to property consumers. For years, the government has been progressively lowering the barriers of entry to our industry in their dogged pursuit of exclusively serving the interests of competition.

The end result? An industry full of under-educated, under-experienced, price-focused agents.

Consumers are receiving a sub-standard level of service and, as a result, expect to pay lower fees – feeding a fee discounting culture.

Price isn't everything.

As agents, we're providing a service-focused offering. But, because of ever-declining standards of education and experience, what we do has evolved into a price-focused offering.

It's opened the doors to low levels of skill and even lower levels of performance purely based on process, rather than service and consumer outcomes.

Improving the education requirements for entry into the industry is a great first step. But we also need to improve the experience levels of all agents – so they are both competent and capable, can effectively demonstrate their value to consumers and deliver a professional service.

When you have a low-price offering and provide a low level of service, you'll inevitably end up with poor consumer outcomes.

Our ideal as an industry is to consistently provide a high-value service offering for a fee that fairly represents the value of the service performed.

Experience is a key component in making this ideal a reality.

» *article continues*

PATH TO PROFESSIONALISM

PART 4 EXPERIENCE COUNTS

» *continued*

Dr Deen Sanders
CEO, Professional
Standards Authority



EXPERIENCE COUNTS

CEO of the Professional Standards Authority, Dr Deen Sanders OAM, explains how experience is defined in the context of the professionalism equation.

Experience is not just about time spent. In the context of professionalism, experience is also about practical proof. It's about proving that you have the appropriate level of knowledge and understanding about the obligations and rules of practice, and that you've demonstrated that you know how to act independently as a professional.

By way of analogy, Dr Sanders provided the example of obtaining a drivers' licence.

Not only do you have to pass a written test to prove you have the requisite level of knowledge, you also have to fill in a log book showing that you have driven a certain number of hours under supervision in a variety of conditions. This acts as practical proof. It supports the

conclusion that you are ready to drive independently and qualify for the designation as a licensed driver.

After all, if we're going to trust people to drive around our streets, we want to know that they have the experience to do it independently without someone sitting beside them ready to pull the handbrake if something goes wrong.

We want to know that every driver has not only passed the written test to prove their knowledge, but has also proven they have the experience to drive independently.

Drawing on this example, Dr Sanders explained it's no different when it comes to the experience component of professionalism.

A professional must be able to prove that they not only have the knowledge, but can also operate at the required level, independently and consistently.

Competence and experience are different

Dr Sanders explained that there is a difference between experience and competence.

Competence is a term we use in the context of vocational education. To be deemed competent, you need to show that you can do something at the time of assessment. Your competency is assessed at a moment in time. Two days later, when everything you crammed into your head for the assessment is forgotten, you might no longer be competent.

Professionalism requires evidence of competence – and that's where experience comes in. A professional is competent and experienced. And the experience component proves that you're able to perform the required functions independently and consistently, without supervision.

Proving experience

In many professions, evidence of experience is captured through supervision and mentoring. Some professions have formal supervision standards that must be met. Others require a supervisor or mentor to sign off on experience.

» *article continues*

PATH TO PROFESSIONALISM

PART 4 EXPERIENCE COUNTS

» *continued*

To be recognised as a profession, the Professional Standards Authority looks at how experience standards are codified, monitored and signed off. What does it take for the profession to agree that someone meets the requisite experience standard to practise consistently and independently?

Dr Sanders said one of the reasons experience is such an important component of professionalism is because it “brings out the whole person”.

This is critical. Many professions, including real estate, put a great deal of emphasis on interpersonal skills and other non-academic behaviours. Someone might excel in the more academic and technical aspects of their chosen career, but fall short when it comes to the practical application of capabilities in the real world.

Dr Sanders recalled an earlier time in his career when he was training to be a psychologist.

To become an independent practising psychologist, I had to undergo two years of mandatory supervision. That supervision didn't mean I had someone watching over my shoulder every minute of the day. But it did mean there was someone there who I could talk to, ask questions of or discuss any issues or patients I was struggling with.

And over the course of my internship, I realised that becoming a client practitioner psychologist wasn't the professional role for me. It wasn't what I wanted for my career.

So experience is an important way of developing, and also testing, a person's real world capabilities – and it's these real-world capabilities that we're looking for in the context of professional experience.

The experience component of professionalism provides an opportunity for personal discovery. It's as much a time to develop skills and capabilities as it is a time to make an informed decision about whether to commit to a career in the profession.

Source: The Real Estate Institute of New South Wales

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REAL ESTATE LEADER URGES INDUSTRY “SHIFT EMPHASIS TO CUSTOMER SERVICE OR PERISH”

This article is brought
to you by Ray Ellis, CEO,
First National Real Estate



First National Real Estate Named Canstar Blue's 'Most Satisfied Customers' Again in 2017



We put you first

The real estate sector is being urged by an industry leader to shift its emphasis to problem resolution and communication over the traditional and historic focus on marketing and agency fees.

“Agents must shift their emphasis from marketing to communication skills as well as problem resolution or perish,” warns First National Real Estate Chief Executive Officer, Ray Ellis.

The advice comes off the back of new research released via Canstar Blue confirming that 31% of customers regard an agent's ‘problem resolution’ skills as the number one contributor to their satisfaction. The second most significant contributor, according to 28% of customers, is ‘communication and advice’.

As a result of this research, First National Real Estate has been presented with Canstar Blue's ‘Most Satisfied Customers – Real Estate 2017’ Award, the second year in a row the organisation has won the prestigious

industry acknowledgement. It was also awarded ‘Most Satisfied Customers – Small Business Real Estate 2017’ in the industry awards.

“This research confirms that customers value an agent's ability to anticipate and resolve challenges that arise while selling a client's home or managing their investment property. This award is testament to the real estate expertise of our 4,600 staff and their commitment to customer satisfaction,” said Mr Ellis.

Head of Canstar Blue, Megan Doyle, congratulated First National Real Estate on the success, saying, “Good communications and problem resolution are crucial elements of any good real estate service and it is notable that First National Real Estate was the only one to rate five stars in these areas. For topping our ratings for the second year in a row – while also taking top spot in our small business real estate review – we congratulate First National Real Estate.”

Again this year, research and ratings agency, Canstar Blue engaged Colmar Brunton to survey 3,000 Australian adults across a range of categories measuring customer satisfaction. Customers in the survey group were required to have used the services of a real estate agent in the past three years.

In the last two years First National Real Estate has been awarded the following Canstar Blue Awards:

- Most Satisfied Customers – Real Estate 2016
- Most Satisfied Customers – Real Estate 2017
- Most Satisfied Customers – Small Business Real Estate 2017.



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FUNDING FOR WOMEN'S LEADERSHIP DEVELOPMENT: UP TO \$8,000 AVAILABLE



Building on the significant developmental momentum achieved earlier in the year, Women & Leadership Australia is administering a national initiative to support the development of female leaders across Australia's real estate sector.

The initiative is providing women with grants of between \$3,000 and \$8,000 to enable participation in a range of leadership development programs.

The scholarship funding is provided with the specific intent of providing powerful and effective development opportunities for real estate sector women; however the funding is strictly limited and has to be allocated prior to the end of 2017.

Expressions of Interest

Find out more and register your interest by completing the Expression of Interest form here prior to 15 December 2017:

<https://www.wla.edu.au/funding>



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:

1300 734 274

au.realestate@aon.com

Aon.com.au/cyberagent

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HELP – MY FRIDGE HAS BEEN HACKED!

The average Australian home has 13.7 internet connected devices today while two in five homes have at least one Internet of Things (IoT) sensor or appliance according to recent research from Telsyte. These are any digital smart devices that connect and remain connected to the internet.

We may use devices to control the lighting or heating at home, or to keep an eye on the baby in the nursery; maybe it's a smart appliance (such as fridges or coffee machines) or even wireless door locks. The chances are that each of our PCs, tablets or smartphones have some form of password control, firewall, or virus protection – but are we sure that the IoT appliance such as the backyard camera is actually secure?

The IoT devices we have at home are now being deployed in offices, factories, and shops. As our city becomes increasingly 'smart' – the security question grows ever larger.

This is a critical issue that does not just impact businesses that are technology-focused or data-driven. If your business uses a smart IoT device to monitor your energy usage or has a camera connected to the internet to monitor your shop or agency, you have potentially opened



up the door to a cyber-attack if that device isn't properly secured and regularly patched. As a Real Estate agent, you hold a significant amount of sensitive information.

IoT devices massively extend the perimeters of any organisation. How well protected are yours?

The information gathered by IoT devices can deliver unprecedented volumes of very valuable data to an organisation. That data can be turned into insight to steer decision-making and identify business opportunities. However, there are few standards in IoT device manufacturing today, and security is often bolted on as an afterthought with varying success. Each device potentially offers entry to the broader enterprise network. There is already IoT specific malware such as Mirai and Hajime targeting these IoT networks.

HELP – MY FRIDGE HAS BEEN HACKED!

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Aon's recently released Global Risk Management Survey reveals that cyber threats are now ranked as a top five business risk by organisations all over the world – and it became a top five risk in Australia for the first time ever in 2017. This study particularly highlights the rising risk of cyber criminals hijacking IoT devices to act as botnets to then attack critical systems.

Cyber-attacks may cause electric outages, shut down assembly lines, block customers from placing orders, and break the equipment that companies rely on to run their businesses.

How fast is this risk rising?

In 2016, businesses ranked cyber risk at number nine – jumping four places in a year.

The Australian Centre for Cyber Security recently noted that around seven out of ten Australian organisations now have a cyber

response plan – but only 46 per cent have actually tested it.

The impact on brand and reputation of a poorly handled cyber incident can't just be measured in dollars. The cyber-attack on last year's online census wasn't handled well. It earned the ABS its own Twitter handle, #Censusfail, and even now the reputation of ABS is tarnished.

Preparing for a cyber-attack is even more important because of the imminent introduction of legislation. This requires most Australian organisations to notify authorities and affected customers if they suffer an eligible data breach.

Aon are leaders in [cyber risk](#) consulting and insurance solutions and have been working with the Real Estate industry for over 20 years. Please contact us on 1300 734 274 or email au.realestate@aon.com. We can assist you in preparing for, responding to, mitigating and transferring risks associated with cyber incidents.

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ASIC UPDATE ON INTEREST-ONLY HOME LOANS

ASIC recently provided an update on its targeted review of interest only home loans. Announced in April 2017, the review was a targeted industry surveillance examining whether lenders and mortgage brokers are inappropriately recommending more expensive interest-only loans.

With many lenders, including major lenders, charging higher interest rates for interest-only loans compared with principal-and-interest loans, lenders and brokers must ensure that consumers are not provided with unsuitable interest-only home loans.

ASIC has concluded the first stage of its targeted review, which involved data collection from 16 home loan providers (including large banks, mid-tier and smaller banks, and non-bank lenders).

ASIC found that Australia's major banks have cut back their interest-only lending by \$4.5 billion over the past year. However, other lenders have partially offset this decline by increasing their share of interest-only lending.

The 16 lenders reviewed by ASIC provided \$14.3 billion in interest-only loans to owner-occupiers in the June 2017 quarter, down from \$19 billion in the September 2015 quarter.

ASIC's interest-only lending review has also found:

- Borrowers who used brokers were more likely to obtain an interest-only loan compared to those who went directly to a lender
- Borrowers approaching retirement age continue to be provided with a significant number of interest-only owner-occupier loans.

ASIC has now moved into the second stage of its review, and will be reviewing individual loan files from both lenders and mortgage brokers. These lenders and mortgage brokers have been selected based on a number of criteria, including their relative share of interest-only home lending.

ASIC will examine individual loan files to ensure that lenders are providing interest-only home loans in appropriate circumstances. ASIC will carefully review cases where owner-occupiers have been provided with more expensive interest-only

ASIC UPDATE ON INTEREST-ONLY HOME LOANS

» *continued*

home loans, to ensure that consumers are not paying for more expensive products that are unsuitable.

Under the responsible lending obligations, lenders and brokers are required to make sure that a loan meets the requirements and objectives of a consumer, in addition to making sure that the loan is affordable. Lenders and brokers must have a reasonable basis for suggesting that a consumer apply for a particular loan product, and no consumer should be surprised by the type of home loan product that they have obtained.

In providing the update, ASIC Deputy Chair Peter Kell said he expected lenders offering these types of loans to be making thorough enquiries into the financial status and the needs of their clients:

“The spotlight has been firmly on interest-only lending for some time, and there are no excuses for lenders and brokers not meeting their legal obligations,” he said.

“While interest-only loans may be a reasonable option for some borrowers, lenders must make appropriate enquiries into the needs and financial circumstances of their customers, and they must be able to demonstrate that they have done so.”

ASIC will consider appropriate enforcement action if breaches of the law are identified.

Background

ASIC collected data from the following lenders covering their interest-only lending activities over the last two years:

- Australia and New Zealand Banking Group Limited
- Australian Central Credit Union Ltd (trading as People’s Choice Credit Union)
- Bank of Queensland Limited
- Bendigo and Adelaide Bank Limited
- Citigroup Pty Limited

- Commonwealth Bank of Australia
- ING Bank (Australia) Limited
- La Trobe Financial Services Pty Limited
- Liberty Financial Pty Ltd
- Macquarie Bank Limited
- Members Equity Bank Limited
- National Australia Bank Limited
- Pepper Group Limited
- Suncorp-Metway Limited
- Teachers Mutual Bank Limited
- Westpac Banking Corporation.

Source: Australian Securities & Investments Commission

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Braden Walters, REI Super member

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CYBERCRIME WARNING: INFORMATION & REPORTING

This article is brought
to you by the Real Estate
Institute of South Australia

The Australian Institute of Conveyancers [SA Division] and the Real Estate Institute of South Australia are becoming increasingly concerned about a worrying trend affecting real estate professionals as a number of SA businesses have recently been targeted by cyber thieves.

Cybercrime is an issue which impacts the lives of many Australians. Common types of cybercrime include hacking, online scams and fraud, identity theft, attacks on computer systems and illegal or prohibited online content.

Recent SA Cybercrime Incident

Recently a member has advised that an email communication from their office advising of the Trust Account details was (somehow but presumably due to a Trojan horse on the client's computer) intercepted by a third party, and the bank account details were changed by that third party. For all intents and purposes the email to the client looked perfectly legitimate. Luckily, in a phone conversation the client mentioned depositing the \$100k into the "Westpac account" when in fact the member's trust account was with Commonwealth Bank.

The email from the member to the client was intercepted, changed to redirect funds to an unknown account and without luck on the member's side via the phone conversation, could well have lost the \$100k.

Recommendations

Both AICSA and REISA are urging members to communicate directly (verbally) with clients when advising clients of trust account details, the following mitigation tools are also suggested:

- Do not send trust account details and requests for moneys in the body of an email;
- Advise your client that trust details will not be requested by email (and why);
- Advise clients to contact you immediately should they receive a request for monies via email;
- Advise clients verbally or in writing (hard copy) of trust account details – this can be in person, in your letter of engagement, at the time of the VOI interview; and
- Attaching a pdf letter to an email enclosing trust account details should mitigate your risk, but would not be recommended as best practice.

It is imperative that each member consider extra measures and changes in office procedures to ensure your

electronic transmissions are not manipulated by any third party cyber-criminal and to ensure clients' money's are not siphoned away.

It is recommended that you undertake a review of your insurance coverage that should include cybercrime – both AICSA and REISA are looking into options for members.

If you or your client is the victim of a cybercrime you should report it immediately to SA Police on 131 444.

Below are some useful links to learn more about cybercrime, how you can mitigate your exposure and advice on what to do if you or your client is a victim of cybercrime.

Scamwatch – ACCC

<https://www.scamwatch.gov.au/>

Australian Cybercrime Online Reporting Network

<https://www.acorn.gov.au/>

Source: The Real Estate Institute of South Australia



WOMEN IN REAL ESTATE CONFERENCE

Principal Partner:



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8.30am – 5.00pm

Australian Technology Park – 2 Locomotive Street, Eveleigh

The REINSW Women in Real Estate Conference is back! Now in its 11th year, this year's conference is set to be bigger and better than ever before!

A day of inspiring speakers, professional motivation and stories of encouragement, giveaways, and more - all topped off with champagne and networking.

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FIABCI



NEWS

MEETINGS AND EVENTS

Business Forum and Grand Prix of Real Estate Awards

*31 October – 1 November 2017
Chicago*

FIABCI-USA's Business Forum and Grand Prix of Real Estate Awards gives a unique opportunity to hear renowned speakers present on such topics as leadership, auctioning high-end properties, the continuing growth of the technology sector and its effect on real estate!

The Chapter's Grand Prix of Real Estate awards also celebrates this year's winners during High Tea at the historic Drake Hotel.

Global Real Estate Summit

*6-10 December 2017
Athens*

For the first time FIABCI brings together three important events in one location on consecutive/overlapping days to help members maximize their time and travel budget.

The event includes **iReal Young Members' Camp** (6-8 December), **European Congress** (7-9 December) and **FIABCI December Business Meetings** (8-10 December).

Plan to arrive on 6 December. Watch the FIABCI website and Newsletter for more details.

FIABCI World Congress 2018

FIABCI-Dubai is the host for the 69th FIABCI World Congress, in partnership with the Dubai Real Estate Institute. The event is expected to attract 1,000+ real estate professionals from 60 countries to exchange views and explore the theme of "Happy Cities."

To accommodate the best time to be in Dubai, the event has been moved earlier in the year to **27 April to 2 May 2018**. Be sure to keep these dates open and plan to travel to Dubai – one the world's most exciting global destinations.

[FIABCI September Newsletter](#)

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THIS FALL



INDUSTRY UPDATE

Industry news from around Australia



Rising buyer activity points to a stronger Darwin property market

A 60% increase in the number of groups at open for inspections is a significant indicator the Darwin real estate market is set to surge, according to leading NT real estate firm, Raine & Horne Darwin.

“Compared to 12 months ago we have double and even triple the number of groups at each open home on a Saturday,” said Glenn Grantham, General Manager, Raine & Horne Darwin.

“Around 75% of buyers are savvy locals, who have been at our open homes regularly over the last six months.

“They recognise that a median house price of \$445,000 and rental yields of 6-10% means that there is plenty of value in Darwin real estate right now.”

A local buyer, for example, has snapped up a spacious, well-presented 4-bedroom house with a pool at 15 Hodgson Drive Leanyer for \$533,000.

“The buyer has secured a great deal for a property that would have been worth significantly more at the peak of the market a few years ago,” said Mr Grantham.

On the supply side, Mr Grantham confirmed there are 1,500 properties for sale in Darwin and Palmerston.

“However, we only need 1,000 investors from around Australia looking to take advantage of our real estate affordability and robust yields that are better than anywhere else in Australia,” he said.

“If we could grab 300 investors from NSW, 200 each from Victoria and Queensland, and 100 buyers from Perth, Adelaide, and Canberra to our

market, we’d quickly see listings dry up, and values start to head north.

“Just a small percentage of property investors from other capital cities would make a significant difference to the relatively small Darwin real estate market in a short period.”

Longer-term, the economic outlook for Darwin is promising and should flow through to the city’s property markets.

“There is some talk of another big oil and gas project on the way, while the ongoing troubles on the Korean Peninsula mean that an additional influx of US troops into the Darwin rental market isn’t out of the question,” said Mr Grantham.

Source: Raine & Horne Darwin

Rental reforms to leave landlords exposed & tenants paying more

Victoria’s new rental laws lack balance and have the potential to devastate the private rental market, the REIV has warned.

REIV CEO Gil King said these changes involve the loss of a number of valuable rights and will reduce a landlord’s security over what is a significant financial investment.

“The Andrews’ Government has been short-sighted in introducing these reforms which have the ability to decimate the private rental market, ultimately driving up rents and reducing supply of rental properties at a time of unprecedented population growth.”

The reforms, announced by Premier Daniel Andrews recently, remove a landlord’s right to end a tenancy – in both fixed term and periodic agreements.

Landlords will also be unable to unreasonably withhold consent regarding pets and minor property modifications while bonds will be capped at the equivalent of four weeks’ rent for all homes below \$760 a week.

“These changes will reduce the attractiveness of property investment in Victoria with a significant number of landlords indicating they will exit the market.”

“The Government has failed to consider the rights of the supply side, which is absolutely crucial in maintaining a sustainable private rental market.”

“In a move clearly pitched at the Northcote by-election, the Government is willing to alienate ‘mum and dad’ investors who have assets worth hundreds of thousands of dollars at stake.”

“Landlords should reconsider whether they want to remain in the private residential rental market given their rights over what happens to their property are being eroded.”

Mr King added that tenants should be careful what they wish for, with many of these reforms likely to make it harder for renters to secure a property in the first instance.

“While these changes have been designed to provide tenants with better protections, ironically they will result in increased competition for properties, higher rents and greater landlord screening of applicants.”

Source: The Real Estate Institute of Victoria

MAKING NEWS

General national news



REIWA and Curtin Buy-Rent Index to help WA public determine whether to buy or rent

REIWA and Curtin University have released a Buy-Rent Index, a tool that helps determine the best time to buy or rent in the Perth metro region, based on past and current trends in the economic climate.

The Index, which will be released on a quarterly basis, is based on formulated economic assumptions that help identify the annual house price growth rate required for home ownership to be financially advantageous over renting.

The June quarter 2017 figures indicate the median house price in Perth would need to appreciate by 4.3 per cent annually over the next 10 years for the purchase of a house to be considered financially viable over renting at the median rent. Since 2002, Perth's annual growth rate in the median house price has been 6.9 per cent.

REIWA CEO Neville Pozzi said the Institute was thrilled to have collaborated with Curtin University to help educate and inform the public on the costs and benefits of home ownership versus renting.

"Curtin's vast academic knowledge has enabled us to harness our research capabilities to produce this helpful tool. In the current economic and property climate, we recognise it can be difficult for West Australians to determine whether or not they should buy or rent. This Index will provide prospective home owners and renters with an insight into whether it is a good time to buy or rent based on trends in the current market.

"We look forward to continuing to collaborate with Curtin University on this Index and future projects for the benefit of West Australians," Mr Pozzi said.

Mr J-Han Ho, a Property Researcher and Senior Lecturer in the School of Economics and Finance at Curtin Business School,

said the Index aimed to help Perth households make an informed decision about buying or renting a home.

"We understand the difficulties of housing affordability and therefore hope the Buy-Rent Index will make it a little easier for households to make an informed decision," Mr Ho said.

"Many households only focus on the location and price of the property when looking to buy, but this shows there are many other factors that need to be considered including interest rates, opportunity cost of capital and the property being a long-term investment. Buying at the right time can achieve a superior outcome to buying in the right location."

Figures for the September quarter Buy-Rent Index will be released late December 2017.

[View the REIWA-Curtin Buy-Rent Index for the June quarter 2017.](#)

Source: The Real Estate Institute of Western Australia

Electronic evidence at NCAT hearings

Electronic evidence can be presented at a NSW Civil and Administrative Court (NCAT) hearing. However, a Tribunal will not accept service of documents by electronic formats.

This means that agents preparing for a Tribunal case must provide, when necessary, a printed copy of photographs which must be single sided, with one image per page in colour. Often this can amount to 1,000s of pages when copies are given to the tenants, agent and Tribunal Member.

A REINSW Member said: "We recently had a scenario where we had to print off 397 single sided pages to four parties, which is extremely hard to bind and costly.

"It would be so much easier to send a USB drive, DVD, or link to a site, and also more cost and environmentally friendly."

What do the Guidelines say?

Please find below a short outline of what the guidelines say. For more information, please read them in full [here](#).

Can documents be sent to the Tribunal by email, USB or CDs?

The Tribunal will not accept service of documents by email, USB or CDs that contain printed material or photographs. Where a party is required to give documents to the Tribunal, they must be provided in hard copy only.

Documents may be provided to the other party in electronic format, but only if the Tribunal and the other party agree.

Can evidence be presented on electronic devices?

If a party wishes to present a sound recording, video, photographs or other material by an electronic device at the first hearing they must bring their own equipment.

Most Tribunal hearing rooms and venues are equipped with power points, but not WIFI. It is also the party's responsibility to find out if the venue can accommodate electronic devices.

Can evidence be presented on a CD or DVD?

In certain circumstances the Tribunal may permit a party to present evidence using a CD or DVD. This service is only available in NCAT Consumer and Commercial Division Registry hearing venues.

Unless the proceedings are continuing in the absence of the other party, the Tribunal may not accept the evidence if the other party has not viewed, or is unable to view the material.

For more information and detail on the guidelines, please click [here](#).

Source: The Real Estate Institute of New South Wales

POLITICAL WATCH

Information and news from government



Trend dwelling approvals rise 1.1 per cent in August

The number of dwellings approved rose 1.1 per cent in August 2017, in trend terms, and has risen for seven months, according to data released by the Australian Bureau of Statistics (ABS) recently.

“Dwelling approvals have shown signs of strength in recent months, although are still below the record high in 2016,” said Bill Becker, Assistant Director of Construction Statistics at the ABS. “The August 2017 data showed that the number of dwellings approved is now 6.5 per cent lower than in the same month last year, in trend terms.”

Dwelling approvals increased in August in the Australian Capital Territory (8.9 per cent), Northern Territory (8.3 per cent), Victoria (1.5 per cent), Tasmania (1.2 per cent), Queensland (1.0 per cent), South Australia (0.9 per cent) and New South Wales (0.7 per cent), but decreased in Western Australia (0.8 per cent) in trend terms.

In trend terms, approvals for private sector houses rose 0.9 per cent in August. Private sector house approvals rose in Queensland (2.0 per cent), South Australia (1.4 per cent), Victoria (1.1 per cent) and Western Australia (0.3 per cent), but fell in New South Wales (0.3 per cent).

In seasonally adjusted terms, dwelling approvals increased by 0.4 per cent in August, driven by a rise in private dwellings excluding houses (4.8 per cent), while private house approvals fell 0.6 per cent.

The value of total building approved fell 0.3 per cent in August, in trend terms,

after rising for six months. The value of residential building rose 0.7 per cent while non-residential building fell 1.8 per cent.

Further information is available in [Building Approvals, Australia](#) (cat no. 8731.0) on the ABS website at <http://www.abs.gov.au>.

Source: Australian Bureau of Statistics

300,000 Small businesses benefit from instant asset write-off

Close to 300,000 Australian small businesses have taken advantage of the Coalition Government’s instant asset write-off according to 2015-16 tax office data, Minister for Small Business Michael McCormack says.

“The instant asset write-off is directly helping small business bottom lines and improving cash flow for small business which means more investment in local communities, higher wages and more local job opportunities,” Mr McCormack said.

“In 2015-16, the number of claims increased by 50,550 and the average amount claimed increased by \$4,065 to \$9,000. This means more money in the pockets of small businesses so they can grow their businesses, employ workers and pay them more.

“That is why the Government increased the per-asset threshold of the instant asset write-off from \$1,000 to \$20,000 and extended the program in the Budget until 30 June 2018.

“Small business is a major contributor to our economy and employs almost half of our workforce. Creating the right

conditions for the sector to thrive will create local jobs, build communities and continue to grow the economy.

“Cash flow is so important for small business operators and the instant asset write-off means that tradies can invest in better tools, cafes and restaurants can upgrade their equipment and all small businesses can reinvest to grow their business.

“These great results are set to continue with tens of thousands more small businesses able to access the instant asset write-off thanks to the Government’s increase in the small business turnover threshold to \$10 million per year.”

You can find out more about the Government’s small business measures at business.gov.au/smallbusiness.

THE WORLD

Property news from around the world



Almost 28% of sales in England and Wales fell through in third quarter of 2017

More than one in four house sales in England and Wales fell through before completion in the third quarter of 2017, new research shows.

The report shows that just over 28% of all house sales fell through before completion, an increase from 26% in the previous quarter, according to study from national home buyer Quick Move Now.

A breakdown of the figures show that 26% of fall throughs was due to the sale not going forward, 21% due to the lender refusing borrowing and 21% due to the buyer trying to renegotiate the price.

It also found that in 16% of cases the buyer changed their mind and did not want to continue with the sale, while 11% were due to the buyer pulling out because of survey issues and the other 5% was accounted for by other issues.

Along with the quarterly results, the research revealed annual fall through figures, which offer a greater overview of how the property market is performing generally, allowing for seasonal peaks and troughs as well as external economic factors.

On an annual basis nearly 63% occurred due to hesitation on the buyer's part. Some 26% of buyers weren't progressing forwards with their sale, 21% of buyers tried to renegotiate on their original offer, while 16% of buyers completely changed their mind about the sale.

These reasons behind the house sale fall throughs would indicate a complete lack of confidence from buyers, according to Danny Luke, Quick Move Now's managing director.

'2016 as a whole was a turbulent year for the UK property market, with external factors like the EU referendum, the triggering of Article 50 all playing their part on the fall through rate. It is clear the UK property market is still full of uncertainty and instability,' he said.

'Nearly every day, the media is reporting a property price slowdown across the UK. And with many property experts predicting this downward shift to continue as we go into 2018, I would expect buyers to become even more apprehensive in the short term,' he added.

Source: PropertyWire.com

Home affordability is improving in the US but still down compared to a year ago

Home affordability in the United States improved in the third quarter of 2017 in 60% of counties but it is still worse than it was a year ago in 79% of them, new research shows.

Those seeing an improvement include Los Angeles, Cook County in Chicago, Harris County in Houston, Maricopa County in Phoenix, and San Diego but home affordability fell in Wayne County in Detroit, Middlesex County in Boston and Suffolk, Bronx and Westchester in New York.

The national home affordability index from property database ATTOM Data Solutions was 100 in the third quarter of 2017, the lowest national affordability index since the third quarter of 2008, when the index was 86. An index of 100 means the share of average wages needed to buy a median priced home nationwide is on par with historic averages.

'Falling interest rates in the third quarter provided enough of a cushion to counteract rising home prices in most US markets and provide at least some temporary relief for the home affordability crunch,' said Daren Blomquist, senior vice president at ATTOM Data Solutions.

'More sustainable relief for the affordability crunch, however, will need to be some combination of slowing home price appreciation and accelerating wage growth. Wage growth is outpacing home price growth in about half of all local markets so far this year, an indication that a more sustainable affordability pattern is taking shape in more local markets,' he added.

The research also shows that annual wage growth is outpacing home price growth in 48% of markets, down from 53% in the second quarter of 2017 and down from 50% in the first quarter of the year. It is the first time since the first quarter of 2012 that at least half of all markets saw wage growth outpacing home price growth.

Since bottoming out nationwide in the first quarter of 2012, median home prices have

THE WORLD

Property news from around the world



» *continued*

risen 73% while average weekly wages have increased 13% over the same period.

Matthew Gardner, chief economist at Windermere Real Estate in Seattle, one location where homes are considered unaffordable, believes that the short term outlook is not good. 'Housing starts remain well below the long term average, and we are not seeing the level of resale home sales that one would normally expect. These factors will cause home prices to keep trending higher and, as long as the economy remains strong, demand will continue to exceed supply,' he said.

Overall home prices are less affordable than historic averages in 45% of markets, down from 49% in the previous quarter but still up from 21% a year ago.

'Home prices are still increasing in Ohio, primarily due to shortage of inventory coupled with high demand, especially among first time buyers, mainly due to an increase in employment within the state,' said Matthew Watercutter, senior regional vice president of HER Realtors, covering the Dayton, Columbus and Cincinnati markets.

'Even though the values are increasing, Ohio remains one of the most affordable states in which to live,' he added.

Nationwide, buying a median priced home in the third quarter of 2017 required 29.5% of average wages, on par with the historic average of 29.6%. The highest percentage is needed in Kings County in Brooklyn at 125.8%, followed by Marin County in San Francisco at 104.7%, and Santa Cruz County in California at 101.6%.

Buying a median priced home required the lowest percentage of average wages in Clayton County in Atlanta at 12%, Bibb County in Georgia at 12.5%, Wayne County in Detroit at 14.5%, Rock Island County in Illinois at 14.8% and Allen County in Ohio at 15%.

Source: PropertyWire.com

Flat sales drop in London as first time buyers wait for prices to come down

Sales of flats across London have collapsed 47% in just a year with first time buyers in particular waiting to see if prices come down, new research suggests.

It is a result of the London market being overvalued for at least three years with the number of sales falling from 4,709 in July 2016 to just 2,494 in July this year, according to the report from independent estate agents James Pendleton.

The research also shows that sale of other types of property also fell but not so severely. The number of detached properties sold fell 5% in 12 months to 143 in July this year, semi-detached sales were down 1% to 516 and sales of terraced houses down 8% to 1,476.

Over the same period sale prices of flats crept up 2%, terraces rose 3%, semis gained 13% and detached houses fell 5%. In the previous month, June 2017, sales of flats were 43% down on June 2016, potentially pointing to a market that is prone to a well-overdue correction in prices.

It comes despite latest figures revealing first time buyers in London borrowed 8% more in the second quarter of 2017 compared with the previous year and the report suggests this points to fewer first-time buyers at the bottom end of the market being able to transact at all, while those in a better financial position continued to buy further up the ladder with many taking advantage of the Help To Buy scheme.

Despite a persistent housing crisis in the capital, the firm believes that many first time buyers believe prices are simply too high and are unable or unwilling to meet such steep valuations even in a cheap lending environment.

'This a classic sign that first time buyer demand is sensitive. There is a temptation to wait on the side lines while prices become more realistic. When that happens it can only be a good thing, because housing markets are most stable when transactions are healthy across the board,' said Lucy Pendleton, director of James Pendleton,

'A reality check is in the offing after such strong growth in London and the scale of this drop in sales of flats tells me it is now more likely to be inevitable. Solid numbers of people are showing some reluctance at current prices and signalling to all the other market participants they can't transact unless they come back down,' she added.

Source: PropertyWire

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