

# REIANEWS

ISSUE 73: NOVEMBER 2017

*highlights*

OF THE STATE & TERRITORY  
**2017 AWARDS  
FOR EXCELLENCE**



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# PRESIDENT'S REPORT

Mr Malcolm Gunning  
REIA President



## WELCOME FROM REIA'S PRESIDENT

The focus of this month's REIA News is on the annual awards the REIA state based member organisations have recently held recognising the best performers across a wide spectrum of categories including residential, commercial, rural, sales, property management, buyers agent, marketing and innovation.

These annual awards are an industry highlight. They acknowledge the hard work and effort by individuals in achieving the best results for their clients and encourage, promote and showcase excellence and best practice in the real estate profession.

Importantly, the winners at the state level have the opportunity to compete against their peers at the REIA National Awards for Excellence in Sydney on 22 March 2018. It is the ultimate accolade to be a national winner.

Being a national winner brings with it not only the recognition of being the best of the best but it also brings monetary rewards. Past national winners have attested that being a national winner attracts many tens of thousands of additional revenue to the agency.

Customers too benefit. The competing professionals and agencies set new benchmarks in customer service and contribute to best practice in real estate sales and management – not just by the winners but by all those that enter the competitions. Each year new standards in agency practice are established by the entrants and replicated by progressive professionals throughout Australia.

I am encouraged by the increasing number of professionals that strive to be recognised as the best in

Australia. I wish all contestants for the national awards the very best for next March and look forward to meeting them in Sydney.

Following on from the articles in the last four REIA News on the journey the REIA has embarked on towards professionalism this month we have the fifth in that series.

We also have an article on land tax which proposes a solution to the unfairness of making somebody who has already paid stamp duty then also pay land tax.

I hope you enjoy reading this month's edition.

**Mr Malcolm Gunning**

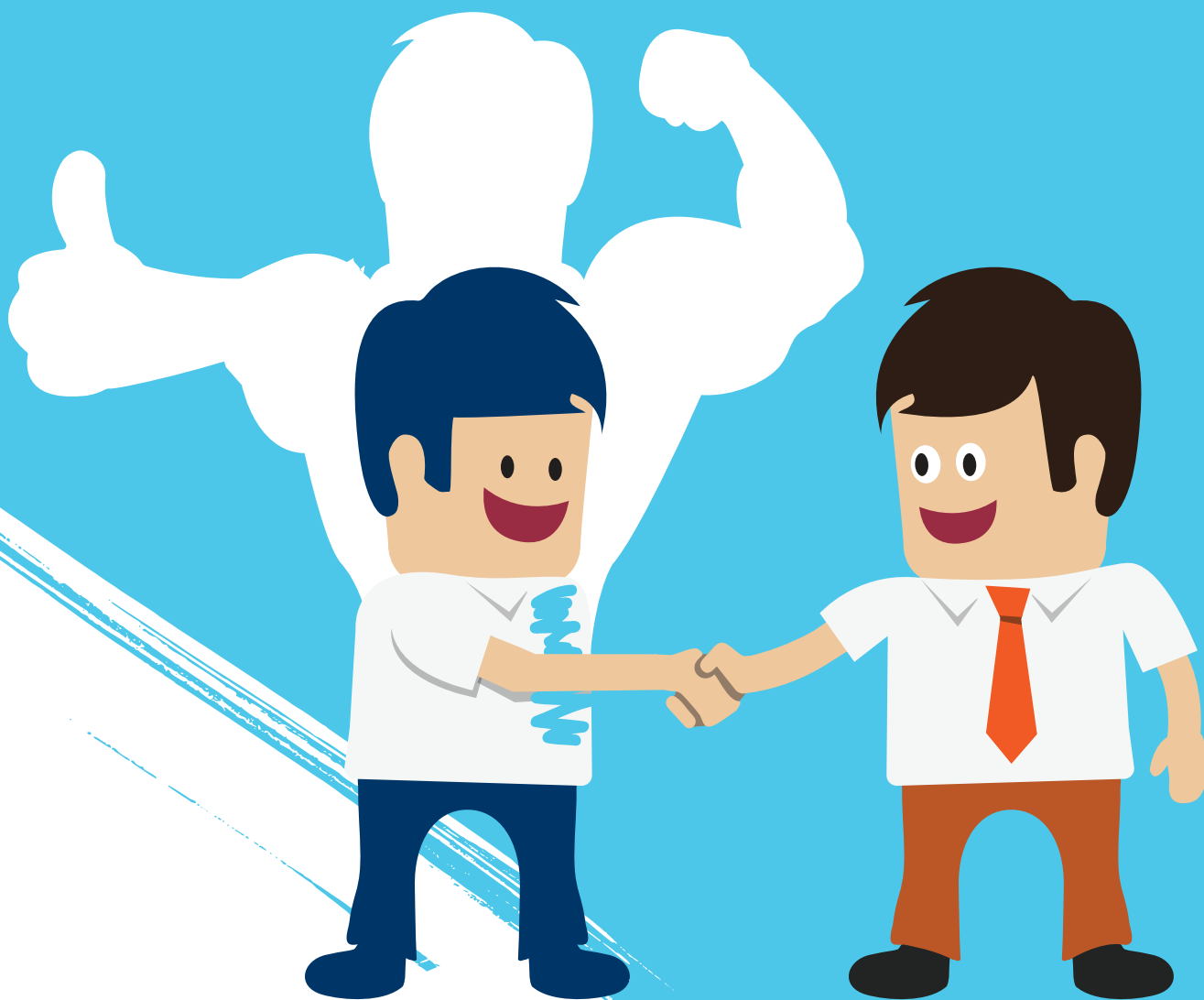
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# 2017 AWARDS FOR EXCELLENCE

*highlights from the state events*



## REI ACT 2017 Awards for Excellence



### Record award nominations reflect strength and diversity of ACT real estate sector

The ACT's real estate sector came together on 16 September 2017 to celebrate its achievements and recognise the outstanding performers from 2017.

"Our annual Awards for Excellence are a chance to reflect on the contribution the real estate sector makes to the ACT and the professionalism and dedication of all the businesses and individuals working in this field," Real Estate Institute of the Australian Capital Territory President, Michael Kumm said.

"This year we had a record number of nominations over our 28 award categories and 400 people attended the Awards ceremony.

It shows what a vibrant and successful real estate sector we have in the ACT. With the ACT's population continuing to increase and the ACT economy one of the fastest growing

in Australia, Canberra's real estate industry is playing a significant role in our current prosperity.

There were also a number of back-to-back winners, including Colin McIntyre who was again named Residential Salesperson of the Year and Renee Bink who took out the Residential Property Manager of the Year at the REIA National Awards for Excellence after winning this category locally in 2016, and has now added the 2017 REI ACT Property Manager of the Year to her list of titles," Mr Kumm said. "Colin and Renee continue to strive to offer better service, and their tireless efforts have been recognised by their peers.

I would like to commend all the nominees. It was an exceptionally strong and tight field this year, with many of the categories separated by the smallest of margins in the judges' marks."

Amongst those honoured at the REI ACT Awards dinner was Stan Platis who was presented with the President's Award.

- 1 *Communications Award winner: Burgess Rawson Canberra; L-R Kate Mason, Burgess Rawson Canberra; and John Trani, Terri Scheer*
- 2 *Residential Salesperson of the Year winner: Colin McIntyre, McIntyre Properties; L-R Jo Matters and Colin McIntyre*
- 3 *Large Residential Agency of the Year winner: Ray White Belconnen; L-R Sam Faulks, Scott Jackson and Ben Faulks*
- 4 *All 2017 REI ACT Awards for Excellence winners*



## REINSW 2017 Awards for Excellence



### 2017 REINSW Awards for Excellence winners recognised

Real estate's outstanding performers have been recognised at the 2017 Real Estate Institute of New South Wales Awards for Excellence Gala Dinner.

REINSW President John Cunningham said in its 20th year the award winners highlight the professional standards that the real estate industry is striving for.

"The winners across 20 categories are paving the way as our commitment to professionalism grows stronger," Mr Cunningham said.

"The 2017 REINSW Awards for Excellence winners are setting the standards for the rest of the industry to follow across the whole spectrum including residential and commercial professionals, industry legends as well as innovation, community service and auctioneering."

In the individual award categories Residential Salesperson was awarded to Peter Chauncy – McGrath Estate Agents, Commercial Salesperson to Sharon Yang – CBRE, Clarence White – BresicWhitney was recognised as

Auctioneer and Amanda Gould – HighSpec Properties for Buyers' Agent.

Real Estate Agency – Large was taken out by Di Jones Real Estate, Novak Properties won Real Estate Agency – Medium and John Flood Estate Agents was awarded Real Estate Agency – Small for the second year running.

CI Australia won Commercial Agency – Large and LJ Hooker Commercial South Sydney was recognised as Commercial Agency – Small.

The Award for Excellence in Innovation was taken out by Raine & Horne Terrigal – Avoca Beach – Saratoga for the second year in row and the John Greig OAM Community Service award went to Christian Bracci – Raine & Horne Concord.

The prestigious Woodrow Weight Award, which recognises outstanding contribution to real estate agency practice was presented to Charles Tarbey from Century 21.

Last month's 20th annual Awards for Excellence Gala Dinner, was held at the Exhibition Hall, Australian Technology Park, Sydney.

1 REINSW Awards 2017, general celebrations

2 REINSW President John Cunningham and Charles Tarbey from Century 21 – winner of the Woodrow Weight Award

3 L-R REINSW President John Cunningham; Jeremy Dileva from REI Super; Christian Bracci, Raine & Horne Concord – winner of the John Greig Community Service Award; and John Greig OAM

4 REINSW President John Cunningham presents Peter Chauncy of McGrath Estate Agents with the Residential Salesperson Award, along with Derek Taylor from realestate.com.au



## REINT 2017 Awards for Excellence



### The Real Estate Institute of the Northern Territory

Saturday 28 October saw the Top End real estate community celebrate the best and brightest in the profession at the 2017 REINT Realestate.com.au Awards for Professional Excellence.

The audience was entertained at the Darwin Convention Centre by Melbourne based comedian Cal Wilson and the Vice-Captain of the Australian Sudoko Team, Mick Colliss.

Real Estate Central swept the awards this year taking out :

- Residential Property Manager of the Year – Jessica Maxwell
- Achievement Award – Sam Bennett
- Community Service Award – Simon Watts, and the big one....
- Large Residential Agency of the Year.

Other major award winners included:

- Residential Salesperson of the Year – Gennie Cox of Elders Real Estate
- Elders also picked up Corporate Support Person of the Year with Parris Seekings

The Medium Residential Agency went to First National Real Estate O'Donoghues, and for the second year running the Small Residential Agency of the year went to Top End Real Estate.

The Commercial Agency of the Year was Knight Frank NT, who also picked up Commercial Property Manager of the Year through Tilly Rogers.

Commercial Salesperson of the Year was Craig Inkster from Colliers International.

Alicia Tollner from Altitude Body Corporate was voted the Body Corporate Manager of the Year, and first time entrant, Elaine Mills Property Management picked up the Innovation Award.

All in all a wonderful night was had by all and Team NT is looking forward to fielding a strong line up for the REIA National Awards for Excellence in Sydney on 22 March 2018.

- 1 *Medium Agency: First National Real Estate O'Donoghues*
- 2 *Body Corporate Manager: Alicia Tollner, Altitude Body Corporate*
- 3 *Large Residential Agency: Real Estate Central*
- 4 *Residential Salesperson: Gennie Cox, Elders Real Estate*





## REISA 2017 Awards for Excellence



### The Night of Knights

On Saturday, 14 October, South Australia's real estate elite fought it out at a spectacular showdown hosted by the Real Estate Institute of South Australia (REISA) at the 2017 News Corp Australia realestate.com.au Awards for Excellence in Real Estate.

The 2017 Awards celebrated a medieval theme as ancient warriors battled it out to seize control of Excalibur and the Adelaide Convention Centre took us all back in time to the days of King Arthur. The jousting was overseen by MC Amanda Blair who not only had to contend with all manner of battle but also a record number of nominations and finalists.

The Awards are the pinnacle of real estate achievement in South Australia and highlight the passion and dedication that the real estate profession shows to its clients and consumers.

REISA CEO, Greg Troughton was once again blown away not only by the amazing spectacle unfolding on stage but also by the incredible depth of

talent, professionalism and dedication of the men and women who so ably represent the real estate profession.

"These are the most prestigious and recognised awards for real estate professionals in South Australia. We undertake a rigorous nomination, qualifying and judging process to ensure that only the very best of the best can serve as ambassadors – and REISA Award winners – for the real estate profession"

"The Awards honour and celebrate everything that is good in the real estate profession. Recognition of the excellence and achievement in serving the community and the profession are hallmarks of the awards and it is fantastic that they also reinforce to the public that we are serious about getting it right and offering the best service possible.

Ms Rosalind Neale was awarded the Sir Robert Torrens Award to recognise commitment and service to the profession.

A Life Membership of REISA was awarded to Mr Robin Turner.

- 1 *Sir Robert Torrens Award Recipient Rosalind Neale and REISA Vice President Phil Harris*
- 2 *South Australian Salesperson Residential and Local Auction Salesperson Eastern City winner Matt Smith (Klemich Real Estate) and Bill Dimou (News Corp Australia)*
- 3 *Michael Cavallaro, Varo Property Services – winner of Achievement Sales and Penny Erskine, Form One Matters*
- 4 *L-R, Suzannah Toop; Kym McGuinness, realestate.com.au; and Genevieve Toop, Toop&Toop Real Estate – winners, Residential Agency Large*



## REIT 2017 Awards for Excellence



The Real Estate Institute of Tasmania (REIT) held the 2017 Awards for Excellence on the 14 October 2017 at the Hotel Grand Chancellor in Hobart. MC for the night was David Koch from Sunrise. Also in attendance was the Minister for Construction, Building and Consumer Affairs Guy Barnett.

The Awards winners on the night were:

- Achievement Award – Russell Yaxley of Downton Property
- Communication Award – 4one4 Real Estate
- Residential Sales Person of the Year – Jim Playsted of Knight Frank
- Commercial Agency of the Year Award – Knight Frank
- Medium Residential Agency of the Year Award – Harcourts Huon Valley
- Commercial Property Manager – Liam Coyle of Knight Frank Hobart

- Business Broker – John Blacklow of Knight Frank Hobart
- Community Service Award – Key 2 Property
- Residential Property Manager Award – Tameka Smith of Key 2 Property
- Corporate Support Person Award – Rachael Briggs of Sims for Property
- Commercial Sales Person Award – Andy Howell of NAI Harcourts North
- Small Agency Award – Key 2 Property
- Innovation Award – 4one4 Real Estate
- Large Agency of the Year – HC Real Estate Pty Ltd (trading as Harcourts Signature).

1 Large Agency of the Year winner: HC Real Estate Pty Ltd (trading as Harcourts Signature); sponsored by Real Estate View; L-R, Nicole Berry and Janeece Bellgrove, Harcourts Signature; and Paul Bevan, Real Estate View

2 Achievement Award winner: Russell Yaxley of Downton Property; sponsored by The Mercury; L-R, Russell Yaxley, Downton Property; and Kristy Scott, Mercury

3 Residential Sales Person of the Year: Jim Playsted of Knight Frank; sponsored by Real Cover Insurance; L-R, John Smart, Real Cover Insurance; and Jim Playsted, Knight Frank

4 Residential Property Manager Award winner: Tameka Smith of Key 2 Property; sponsored by Detector Inspector; L-R, Tameka Smith, Key 2 Property; and Daniel Tregurtha, Detector Inspector



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## REIV 2017 Awards for Excellence



### Best in business showcased at REIV Awards

The Real Estate Institute of Victoria has awarded this year's best in business, recognising industry leaders across more than 25 categories.

The REIV's independently-judged Awards for Excellence are an industry highlight with more than 1,000 Victorian agents attending a gala dinner at Crown Palladium on 25 October 2017.

This year's award winners included:

- Large Residential Agency of the Year: Methven Professionals Mooroolbark
- Residential Salesperson of the Year (Executives): Matthew Scafidi, Noel Jones Mitcham
- Outstanding Young Agent of the Year: Bianca Butterworth, CBRE
- Buyer's Agent of the Year: Lisa Parker, Parker Investment Properties
- Community Service Award: Biggin & Scott Knox
- Residential Marketing Award (Budget over \$10K): Jellis Craig Fitzroy, Land on a Roof

REIV President Richard Simpson said this year's winners and finalists were standout performers in their respective real estate fields.

"These annual awards identify the agencies and individuals who are lifting professional standards and contributing to industry best practice."

"Importantly, they acknowledge our members' commitment to achieving the best results for their clients."

"The competitiveness of this year's awards really demonstrates the industry's dedication to greater professionalism with customer service a key focus for our members."

Mr Simpson recognised the continued excellence of Mornington based agency Nicholas Lynch, awarded the Medium Residential Agency of the Year award for the third consecutive year.

He also acknowledged REIV Past President Peter Hawkins, awarded an Honorary Life Membership, as well as former Director Adrian Butera who was presented with this year's President's Award.

Mr Simpson said both recipients are deserving winners, having been involved with the Institute for many years.

1 Woodards Blackburn – winner view.com.au Sales Agency of the Year

2 Peter Alan Hawkins and Adrian Butera, awarded Honorary Life Membership and 2017 President's Award respectively

3 Harry Li, iSell group – winner Senior Auctioneer of the Year

4 L-R, Linda Hawthorne – Commercial Property Manager of the Year; Lewis Tong – Commercial Salesperson of the Year; and Bianca Butterworth – Outstanding Young Agent of the Year



## REIWA 2017 Awards for Excellence



### REIWA Awards for Excellence celebrates WA real estate professionals

REIWA hosted more than 400 real estate professionals at a gala dinner at Crown Perth on Wednesday 20 September 2017, to celebrate and acknowledge excellence in the WA real estate community.

REIWA CEO Neville Pozzi said the Awards for Excellence gave the Institute the opportunity to recognise industry professionals who exhibited excellent service, business acumen and expertise in their chosen career.

“We received a very high standard of nominations for the Awards, providing a tough decision for our judges. This is a reflection of the great level of service being offered by our members to the WA community.

“On behalf of the Institute, congratulations to the winners and nominees of this year’s Awards for Excellence,” Mr Pozzi said.

The 2017 winners are eligible to represent WA at the REIA National Awards for Excellence in 2018.

### 2017 REIWA Awards for Excellence winners

- Kevin Sullivan Memorial Award: David Airey, Airey Real Estate
- Achievement Award: Scott Jordan, Professionals Stirling Clark Real Estate
- Communications Award: Realmark
- Community Service Award: Professionals State Service Centre
- Corporate Support Person of the Year: Sandra Pereira, Abel McGrath Property Group
- Innovation Award: Realmark
- Commercial Agency of the Year: CBRE
- Commercial Property Manager of the Year: Lisa Jansen, CBRE
- Commercial Salesperson of the Year: Anthony Vulinovich, Raine & Horne Commercial
- Large Residential Agency of the Year: Harcourts Alliance
- Medium Residential Agency of the Year: Bourkes
- Residential Property Manager of the Year: Laura Levisohn, M Residential
- Residential Salesperson of the Year: Peter Clements, Mint Real Estate Claremont
- Small Residential Agency of the Year: Mint Real Estate Claremont
- Buyer’s Agent of the Year: Raymond Chua, Momentum Wealth Residential Property

- 1 *Community Service Award winner: Professionals State Service Centre; presented by the Hon Bill Johnston MLA, Minister for Mines and Petroleum, Commerce and Industrial Relations, Electoral Affairs, Asian Engagement; L-R, Lara Kempton; Diana d’Ascenzo; Jenni Wood; and the Minister*
- 2 *Kevin Sullivan Award winner: David Airey, Airey Real Estate; L-R, David Airey and Paul Sullivan*
- 3 *Large Residential Agency of the Year winner: Harcourts Alliance; L-R, Ben Bernacki and Lisa Bernacki; and Anna Sorensen, Aon*
- 4 *Residential Salesperson of the Year winner: Peter Clements, Mint Real Estate Claremont; with Lisa Claes, CoreLogic*



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

# PATH TO PROFESSIONALISM PART 5

## EXAMINING OUR PROFESSIONAL IDENTITY



**It's one thing for an agent to say they are behaving ethically, are highly educated and have relevant experience. It's quite another to prove it. REINSW President John Cunningham explains how these things are assessed for the purposes of professional recognition.**

When I think of examination, my mind goes straight to the famous quote by the father of ancient philosophy. Socrates said, 'An unexamined life is not worth living'.

He was basically saying we need to take a good, hard look at ourselves. If we don't, we'll just move blindly ahead – not knowing if what we're doing is right or wrong. Of course, no one is perfect. We all make mistakes. But Socrates was reminding us that if we don't examine ourselves, we'll never be able to fix our mistakes. We'll be doomed to continue treading the same path.

It's the same when it comes to our careers as real estate agents. We need to constantly be looking at what we do, how we do it and the value we add. We need to have a mindset of continual improvement. If we don't examine ourselves in a professional context – individually and as a collective – and fail to take the necessary steps to improve and develop, we're leaving ourselves open to disruption.

Disruption only happens where value is being questioned – and consumers

question the value real estate agents provide. We need to urgently address this in a way that provides them with the comfort of knowing they're dealing with a skilled professional. Recognition as a profession will demonstrate that our members are ethical, educated and experienced not just because they say so, but because they have been examined and proven to have reached a defined professional standard.

### Examination of capability

The Professional Standards Councils, with its agency the Professional Standards Authority, is the independent statutory body responsible for promoting professional standards. They use the 5 Es to define the elements that are necessary to qualify as a profession. Examination is the fourth E.

It covers more than qualification or certification requirements, and it's more than traditional tests. It extends into expectations of regular assurance. That assurance relates to standards of ethics, education and experience. When a consumer is dealing with a member of the profession, they

can be assured that the professional meets the standards set down by the governing body – and not just as a one off, but on a continuing basis.

Ongoing assessment of agents' skills, knowledge and capabilities is something that is all but completely missing from the industry's framework at present.

Yes, to enter the industry you have to prove that you're competent to perform the duties of an agent and you do this by undertaking a qualification course. And yes, agents are required undertake a miniscule amount of CPD each year. That's it, that's all – and unfortunately, there's very little in the way of monitoring or policing by the regulator to ensure even these woefully inadequate requirements are being effectively met.

Under a Professional Standards Scheme, agents will not only need to prove that they've been deemed competent at a given point in time, they will also need to demonstrate ongoing capability. They need to be able to show that they're adhering to the standards laid down by the scheme.

» *article continues*

# PATH TO PROFESSIONALISM PART 5

## EXAMINING OUR PROFESSIONAL IDENTITY

» *continued*

### Consumer confidence

The lack of professional standards, against which agents can be assessed on a continuing basis, is one of the factors contributing to the low opinion consumers have of agents.

Our industry is split down the middle. There are those agents who are working at an extremely high level. They have policies, systems and processes in place for everything they do. They do far more than the bare minimum when it comes to ongoing training. And they behave in an ethical manner in both their work and personal lives. Importantly, they are willing to be held to account on all these things.

Then there are the agents who just 'wing it'. They're the cowboys of our industry. They don't stick to the rules. Sometimes they don't even know what the rules are, because they've done a quickie entry-level course and only ever do the bare minimum in terms of CPD. In some instances, it may not even be deliberate. They simply don't know what they don't know.

The end result, is a bad consumer experience.

It's these agents who are doing incredible damage to our reputation as a collective. Consumers just lump us all into the same 'dodgy' basket.

Good agents have nothing they can point to in order to prove why they shouldn't be in that basket.

For consumers to be able to differentiate between good and bad agents, there must be a tangible means of differentiation.

A Professional Standards Scheme, where ongoing examination is a requirement, will provide that tangible means of differentiation. It becomes more than an agent waxing lyrical about the fact that they're ethical, they've undertaken certain education and have a particular level of experience. Any agent can say that, even if it's not true. But professional examination will require them to prove it on an ongoing basis.

The ability to show that certain standards are being met by member agents is critical.

An approved Professional Standards Scheme is a legal instrument that's binding on the relevant member association. For real estate, that association will be the Real Estate Institute of Australia. Working with the State and Territory REI's, REIA will be legally bound to monitor, enforce and improve the professional standards of agents across the country as part of a commitment to deliver consumer protection.

How do they show they're doing this? Through the examination of member agents.

### Setting the standards

REINSW is currently consulting with agents to determine what our defined standards should be for the purposes of a Professional Standards Scheme.

The Think Tank on 12 July 2017 and the Industry Summit on 1 September 2017 have seen us engage with agents from all levels of the industry, from young up-and-coming agents through to industry stalwarts. We've also met with more than 1000 agents across 20 locations throughout this year's Roadshow. This has given us a great start in process of crafting what our professional standards should be.

The next step will be consulting with consumers. We need to know what their expectations are and at what level they believe agents should be acting.

Participation in a Professional Standards Scheme will not be for everyone.

There will be a proportion of agents who, upon examination, simply can't or don't want to meet the standards set down. But those who want to take the professional pathway and are willing to be held to account will reap the benefits.

» *article continues*



# PATH TO PROFESSIONALISM PART 5

## EXAMINING OUR PROFESSIONAL IDENTITY

» *continued*

Dr Deen Sanders OAM  
CEO, Professional  
Standards Authority



### Assuring quality through examination – Dr Deen Sanders OAM, explains how professions prove they are keeping their promises through examination

When most of us consider the meaning of the word “examination”, our mind immediately goes to memories of the traditional tests we took throughout our school years. Pages of multiple choice questions. Booklets to be filled with written answers. But examination in the context of professionalism is something quite different.

People often misunderstand the term. Professional examination is not about testing someone’s knowledge. It’s not limited to examining members on regulatory requirements. It’s about confirming members are meeting their professional obligations.

To be recognised as a profession, the professional entity must develop a program of examination. How are they going to assure the community that their members are adhering to professional standards on a continuing basis?

It’s about how the profession communicates to the public that their members are doing the right thing. It’s about saying, ‘We know our members are doing the right thing. We regularly conduct quality assessments. We audit them every year. We engage in dialogue with them about education.’

Different professions break examination down in different ways. For the real

estate industry, examination may involve a range of quality checks and different audits – trust account audits, CPD audits or any number of other types of audits. The aim for the professional entity is to confirm that members are meeting their professional obligations.

#### Quality assurance

Compliance with regulatory requirements is part of examination, but not the most important part. According to Dr Sanders, the most important element of examination is quality assurance.

It’s often the case that professional bodies will have a quality assurance team who go into practices and assess how members are meeting their professional obligations on a day-to-day basis. How are they managing their records? What systems and procedures are in place? Are employees adhering to the code of ethics? What checks and balances do they have to meet best practice standards? The quality assurance team will look at the things that are generally considered to be good practise.

Examining whether a member is adhering to their professional obligations shouldn’t be considered a negative thing. In this context, it’s not an investigation with the aim of purposefully finding things

that are wrong. The aim is quality assurance. It’s not about saying, ‘You’re in breach’. It’s about positively saying, ‘How are you demonstrating that you are adhering to the professional expectations of your community?’”

#### Professional misconduct

However in the event an allegation of misconduct is made or there is a complaint, examination by the professional body can be investigative in nature.

Professions make promises to the public. They promise their members are better educated. They promise their members are adhering to professional standards. And they promise their members are behaving ethically. Examination is how these promises are tested – and if they’ve been broken, enforcement action will be taken.

In these cases, examination is the point where people are tested. It’s when we discover who should not be part of the profession.

*Source: The Real Estate Institute of New South Wales*

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Braden Walters, REISuper member

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## HOW TO TRANSITION FROM STAMP DUTY TO PROPERTY TAX

Kevin Davis  
Professor of Finance,  
University of Melbourne;  
Research Director, Australian  
Centre for Financial Studies; and  
Professor, Monash University



**It is difficult to find many supporters of stamp duty on property transfers. A general consensus, at least among economists, is that replacing it with an annual land or property tax would be preferable. It is a more efficient tax, promotes mobility and will mean a better use of the housing stock. A significant problem has always been how to avoid double jeopardy – those that have paid stamp duty, particularly relatively recently, are reluctant to pay a land tax as well.**

Moreover, stamp duty is like an addictive drug to State Government Treasurers, with its revenues supporting their expenditure habits by over \$6 billion p.a. for the larger states. Shifting directly to an annual property tax on all residences to fill the revenue hole created by its abolition would incur the wrath of the electorate.

Removing stamp duty and only applying an annual property tax to properties which are subsequently transferred without stamp duty after that date would limit electoral backlash. But for State Treasurers it would be like an addict going “cold turkey”. Even though the long run revenue from such property taxes can be set to be of the same value as would have been raised by stamp duty, the loss of current revenue would hurt a lot.

However, a solution to this transition problem is potentially at hand. Virtually any future stream of cash flows can be sold to investors who will pay up front for securities which provide guaranteed promises to those future cash flows. Of course, some such securities can be “toxic” as the Global Financial

Crisis showed, but well-designed products such as Australian Residential Mortgage Backed Securities create value for society.

The future stream of property tax revenues from properties on which it is to be levied is ideally suited to such securitisation. It is simply a matter of finding the most appropriate design of the securities, such that they appeal to investors (such as superannuation funds) and thus can be sold by governments to provide a substitute cash inflow for the stamp duty foregone.

To illustrate, suppose 100,000 properties worth \$100 billion dollars in total (at an average price of \$1 million) changed hands in 2018 without payment of stamp duty (which is assumed abolished). Had stamp duty been applied the government would have received (say) \$6 billion (assuming an average duty of 6%). But that is no longer received, and instead the government will receive property tax on those properties forever at an annual tax rate of say 0.225 per cent.

This would generate \$0.225 billion property tax in 2018 and, if property

## HOW TO TRANSITION FROM STAMP DUTY TO PROPERTY TAX

» *continued*

prices did not change, the same amount each year ever after. At a discount rate of 3.75 per cent, the present value of this perpetuity is \$6 billion. So, in principle (if 3.75 per cent was the yield investors required), this perpetuity could be sold in 2018 for \$6 billion to replace the loss of stamp duty revenue. (A similar strategy would be adopted for 2019 and so on, until at some time it is no longer needed).

Of course, that example is too simplistic.

First, governments would not want, nor likely be allowed, to sell future tax revenues for ever. They would also want flexibility to change the tax rates. Again, this hurdle is not too hard to overcome. The future cash flows involved could be limited to some number of years (say 30) and specified as being calculated at some notional fixed property tax rate (eg the 0.225 per cent rate assumed above), while the government could retain flexibility to vary the actual property tax rate in the future. To the extent that there are legal impediment to “selling” future tax revenues, some alternative structure could overcome this. For example, the government could commit to pay amounts equal to the specified future tax revenue into a special purpose vehicle which then issues the securities to investors.

Second, property values tend to increase over time, such that the stream of cash flows could be expected to move in line with property prices. That just makes the arithmetic a bit harder and creates an exposure of those securities to risk of fluctuations in property price inflation. Finding the best security design to make that risk acceptable to investors at the lowest required return is something at which the securitisation industry is well skilled. (Note that the long term (eg 30 year annuity style) securities created can be structured to appeal to superannuation funds and providers of retirement income products).

The third complication is that ratings agencies might treat the revenue raised by such securitisation as different (ie as borrowing) from tax revenues and penalise the government for having a higher budget deficit, by downgrading its credit rating. It would be necessary to convince them that this transition from stamp duty to property tax is beneficial for the State (not a hard task) and that the calculation of the government’s credit rating should treat the securitisation revenues as equivalent to the tax revenues they are replacing for the life of the transition process. It may be that this would require issuing somewhat shorter term

securities (eg 15 years), such that the property tax revenues cease to go to the security holders after that time and instead provide direct tax revenue to the government budget, enabling a shorter transition period.

Finally, this solution needs to get bi-partisan support, since it involves a long run structural change to the nature of State Government finances. There would, undoubtedly, be differences between political parties on the precise details of how the transition is structured. But establishing an independent advisory group from the financial and property sectors to develop a mutually acceptable transition process would seem to be an appropriate way to proceed.

A more detailed outline of the proposal can be found at <https://australiancentre.com.au/publication/property-tax-transition/>



## HANDLING A HACK: BE ALERT...AND ALARMED!

By Cath Dickinson

**Stories of cyber security breaches are so commonplace that many of us now switch off when we hear them. But if you're an agency owner, switching off is the last thing you can afford to do, as the recent series of unprecedented cyber attacks continue to leave businesses around the world reeling.**

Starting in May 2017, cyber extortionists tricked victims into opening malicious malware attachments to spam emails. Dubbed WannaCry, the ransomware exploited a Microsoft Windows vulnerability, encrypting data on the infected computer and demanding payment to restore access.

Wreaking havoc across the globe, the attack stopped factories, brought health care services to a halt, affected telco networks and impacted government infrastructure in more than 150 countries.

Then in June came Petya, a ransomware attack that encrypted important files after a user clicked on an infected email attachment and then demanded a Bitcoin ransom to restore access. From a single infected computer, Petya had the ability to spread rapidly across a business by taking advantage of a number of Windows vulnerabilities. Big and small businesses across the world again fell victim to this latest cyber security attack.

### **Not just a 'big end of town' problem**

The majority of cyber security related incidents reported by the media involve large businesses. But the impact of these breaches can be felt as heavily, if not even more so, by small to medium businesses. They're the victims that don't make the news.

Real estate agencies are not immune and it's dangerous to be complacent and adopt an "it will never happen to me" attitude. When it comes to your business experiencing a data breach, the 2017 IBM Cost of Data Breach Study shows the odds are as high as 1 in 4. And falling victim to a cyber attack can have significant ramifications including financial loss, reputational damage, loss of intellectual property and business disruption.

Staying on top of all the risks and latest threats is no easy feat, but there are some simple things you can do to minimise the risk of your business falling victim to a cyber attack.

» *article continues*

## HANDLING A HACK: BE ALERT...AND ALARMED!

» *continued*

### 1. Update your operating system

The WannaCry attack targeted a known Windows vulnerability, one easily defended by installing a patch issued by Microsoft prior to the attacks. The disheartening reality is if users had stayed on top of security updates, their machines wouldn't have been infected.

### 2. Install antivirus software

Cyber criminals are always looking for holes and vulnerabilities they can exploit to create new and more powerful viruses and malware. That's why it's important to not only install antivirus software, but keep it up to date. If you don't, you're leaving yourself open to a cyber attack.

### 3. Beware of email attachments

The devastating effects of WannaCry and Petya were the result of users clicking on email attachments. The lesson? Don't click!

### 4. Create data backups

In the event a hacker successfully infects your computer, all is not lost. If you have a backup, you'll be able to restore everything with minimal fuss. And don't forget to test your backup. A backup is useless if it can't be restored correctly.

### 5. Have cyber insurance

While it won't protect your business from an attack, cyber insurance could be the difference between keeping the doors open or shutting up shop for good. While some business insurances cover cybercrime, many don't – so take the time to check. If you're unsure about the level of coverage you need, talk to an insurance broker. They can help you understand your business's cyber risks and identify the best cyber insurance product to suit your needs.

*Source: The Real Estate Institute of New South Wales*



# Cyber Crime

What you need to know.

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**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](mailto:au.realestate@aon.com)

[Aon.com.au/cyberagent](http://Aon.com.au/cyberagent)

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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>





FIABCI



FIABCI

INTERNATIONAL REAL ESTATE FEDERATION

## NEWS

### MEETINGS AND EVENTS



ROYAL OLYMPIC HOTEL ATHENS Greece 06 - 10 DECEMBER 2017 [www.globalrealestatesummit.org](http://www.globalrealestatesummit.org)

#### 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 (link below) 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 of the world's most exciting global destinations.

[Special Edition FIABCI Newsletter November 2017](#)

# INDUSTRY UPDATE

Industry news from around Australia



**Peter Bushby  
wins life  
membership  
of the REIT**

Peter Bushby has been awarded REIT life membership.

For his years of service to the industry, Tasmanian real estate agent Peter Bushby has been awarded the state's highest property honour.

Mr Bushby was recognised by the Real Estate Institute of Tasmania with a lifetime membership.

"It's the highest honour they can bestow on anyone from a service point of view," he said.

"It was a surprise to me and I was very appreciative."

October marked his last REIT board meeting after 15 years.

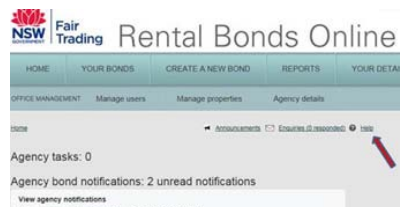
After stints in local, state and national positions – Mr Bushby decided it was time to retire and focus on his own business.

While acknowledging he "learnt a lot along the way", Mr Bushby spent two years as national president on about 140 flights and away from home for about 60 nights each year.

He decided to step down from the board to help bring new blood through.

"If you don't have some form orchestrated refreshment you can get caught."

Source: *The Examiner*



## Rental Bonds Online help available

REINSW's Property Management Committee recently held a roundtable discussion with NSW Fair Trading on the Rental Bonds Online (RBO) system.

During the discussion, it became evident that the RBO has a very comprehensive help section that some agents may not be aware of. Once an agent logs in to the portal, there is a 'help' link located next to the announcements and enquiries links, in small text.

The help link is available on each page once you're logged in and when you click it, an extensive list of tasks that a property manager needs to attend to can be found.

One of the outcomes from REINSW's discussion will hopefully see the RBO help link made more prominent. NSW Fair Trading are considering the possibility of incorporating this improvement into their next release.

The list of tasks listed under the help section include:

- Creating a new bond
- Managing pending lodgements
- Managing refund claims
- Managing online bonds
- Managing paper bonds
- Managing agency details
- Managing user logon accounts

- Managing properties
- Managing security mode
- Running reports.

Each section also includes screenshots of how to carry out the required action. Alternatively, property managers can call 1800 990 724 for help, Monday to Friday, from 8.30am to 5pm.

## RBO is mandatory

It is now mandatory for agents and landlords to offer an online service to tenants signing a new lease using RBO. Persistent non-compliance could result in a \$2,200 fine. Find out more about the RBO here.

The new RBO system is also included in the NSW Fair Trading new tenant checklist factsheet, which you can download here or from REI Forms Live here.

Source: *The Real Estate Institute of New South Wales*

## REIWA Information Service in high demand from WA public

More than 14,550 calls have been received by the REIWA Information Service this year\*, with members of the WA public seeking clarification and assistance from REIWA on a wide range of real estate matters.

REIWA Chief Executive Officer Neville Pozzi said the volume of calls placed to the REIWA Information Service so far in 2017 had exceeded those received at the same time last year.

"The REIWA Information Service provides West Australians with direct access to

» *article continues*

# INDUSTRY UPDATE

## Industry news from around Australia



» *continued*

local experts in the real estate industry who can educate them on areas they are unsure about and help resolve tricky property matters they might be facing.

“It’s been an interesting couple of years in the WA property market, with both the sales and rental markets facing challenges simultaneously. This has naturally led to an increase in the volume of calls the REIWA Information Service has received as sellers, buyers, tenants and landlords navigate this unique market place,” Mr Pozzi said.

Residential property management continues to be the most common topic the public ring in about, with 70 per cent of all phone calls for the year to date received from tenants and landlords. The remaining 30 per cent of calls generally relate to residential sales.

The REIWA Information Service team is comprised of two full time staff members and 70 local REIWA members who give three hours of their time every few months on a voluntary basis to help answer questions and resolve issues.

### *Common real estate questions in 2017*

The most common questions the REIWA Information Service receive from [tenants](#) relate to:

- the early termination of their rental lease
- what rights landlords have to enter their property while it is tenanted
- what rights they have with regards to repairs and maintenance of the property they rent.

[Landlords](#) most commonly call to:

- seek information on the tenant’s obligation to pay rent
- find out how the court system works in order to claim damages from a tenant
- clarify their rights around abandoned goods.

[Home buyers](#) who call the REIWA Information Service generally do so to:

- seek information about their obligations to obtain finance approval within a period of time
- clarify their rights for the pre-settlement inspection.

While [sellers](#) most frequently call to find out about:

- the settlement process
- satisfying contractual conditions
- buyer requests which are not addressed in the contract.

Members of the WA public who are dealing with a [REIWA agent](#) can contact the REIWA Information Service with their real estate queries and concerns between 9am and 5pm Monday to Friday on 9380 8200.

\* Number of calls placed to the REIWA Information Service between 1 January 2017 and 30 September 2017.

*Source: The Real Estate Institute of Western Australia*



**Richard Simpson  
elected REIV  
President for  
2017-18**

The Real Estate Institute of Victoria has announced that Richard Simpson has been elected President for 2017-18.

A fifth generation real estate agent, Mr Simpson has been heavily involved with the REIV over many years, including serving as Senior Vice President on the previous Board.

He has also provided extensive input to a number of Institute committees, serving as Commercial & Industrial Chapter Chair for three years and Members Council Chair for two years.

Mr Simpson is a partner in the family business W.B. Simpson & Son, located in North Melbourne with a history dating back over 145 years and both his father and grandfather are former Presidents of the REIV.

He said it was an honor to lead the Institute through what is an undoubtedly challenging period for the industry.

“Victoria is currently in the midst of the largest review of property legislation in the state’s history, with significant reform of the Residential Tenancies Act currently proposed.

It has never been more important for the views of our members to be heard at the highest levels of Government.”

*Source: The Real Estate Institute of Victoria*

# POLITICAL WATCH

Information and news from government



## Legislation implementing 2018 Budget announcements

The Turnbull Government has secured passage of housing measures announced in the 2017 Budget.

The Treasury Laws Amendment (Housing Tax Integrity) Bill 2017 implements an annual vacancy charge on foreign owners of residential real estate where property is not occupied or genuinely available on the rental market for at least six months in a 12 month period.

The vacancy charge builds on the Turnbull Government's strengthened foreign investment regime to increase the number of houses available to live in. The charge provides a financial incentive for the foreign owner to make their property available on the rental market, helping provide more homes for Australian families.

The vacancy charge applies to foreign persons who make a foreign investment application for residential property from 7:30pm (AEST) on 9 May 2017.

The Australia Taxation Office, responsible for residential real estate applications under the foreign investment framework, will administer the vacancy charge.

The legislation also enacts changes to deductions relating to residential investment properties.

The changes disallow claims for travel expense deductions and limit plant and equipment depreciation deductions to assets not previously used.

From 1 July 2017, travel costs for individual investors inspecting and maintaining residential investment properties will no

longer be deductible. This will prevent residential property investors from taking holidays at taxpayers' expense.

Limiting plant and equipment depreciation deductions will remove the existing opportunities for items to be depreciated by multiple owners in excess of their actual value.

Together, the travel and plant and equipment deduction changes are estimated to generate \$800 million in budget revenue over the forward estimates.

*Source: The Hon Scott Morrison MP, Treasurer of the Commonwealth of Australia*

## Dwelling approvals rise 1.8 per cent in September

The number of dwellings approved rose 1.8 per cent in September 2017, in trend terms, and has risen for eight months, according to data released by the Australian Bureau of Statistics (ABS) recently.

Dwelling approvals increased in September in the Australian Capital Territory (7.9 per cent), Northern Territory (6.5 per cent), Tasmania (4.5 per cent), New South Wales (3.4 per cent), Western Australia (2.0 per cent), South Australia (1.5 per cent) and Victoria (0.7 per cent), but decreased in Queensland (0.5 per cent) in trend terms.

In trend terms, approvals for private sector houses rose 0.7 per cent in September. Private sector house approvals rose in Queensland (1.8 per cent), South Australia (1.2 per cent), Victoria (0.6 per cent) and New South Wales (0.5 per cent), but fell in Western Australia (0.9 per cent).

In seasonally adjusted terms, dwelling approvals increased by 1.5 per cent in September, driven by a rise in private dwellings excluding houses (2.6 per cent), while private house approvals rose 0.6 per cent.

The value of total building approved rose 1.3 per cent in September, in trend terms, and has risen for nine months. The value of residential building rose 1.5 per cent while non-residential building rose 1.0 per cent.

"The value of non-residential building approvals have risen for the past eight months, in trend terms, reaching a record high in September 2017."

Bill Becker, the Assistant Director of Construction Statistics at the ABS, said.

"The strength in non-residential building has been driven by approvals in Victoria, where a number of office and education buildings have been approved in recent months."

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*

## Strata window safety needed by March 2018

Residential strata buildings in NSW must have safety devices installed on all above ground windows by 13 March 2018. But what does this mean for property managers and strata managers?

REINSW recently held a webinar on this issue to find out, with Reena Van Aalst, Managing Director of Strata Central,

» *article continues*

# POLITICAL WATCH

## Information and news from government



» *continued*

Sandy Hodgkins, General Manager of NNW Property and Shane Foley, Director of BIV Reports Pty Limited. [Watch it in full here.](#)

The NSW Government is bringing this new law in to protect children, with around 50 falling from windows or balconies in Australia every year.

### *What does the regulation say?*

Shane explained that windows which open and have a two metre or greater fall on the outside, and a 1.7 metre or less height on the inside, must be restricted to opening only 12.5cm. They must also meet a pressure test of 250 newtons, or the same force as 25.5kg of weight in pressure.

However, windows only need to be locked when children are in the apartment or on all common access areas such as stair landings. The alternative is security screens, such as bars or grills which have gaps no bigger than 12.5cm and are capable of resisting strong outward pressure.

Shane added that if an owner's corporation or individual fail to comply, the NSW Civil and Administrative Tribunal can make them install window locks and force access to an apartment. However, they cannot bring an order to force the law until after 13 March 2018.

He said: "It is good practice is to use a supplier who can provide a compliance certificate and include photographs that supports each of the criteria.

"BIV also educate owners with brochures on which windows need the locks and what type of locks they need, which enables them to be more empowered and engaged."

### *What should strata managers do?*

Reena said: "The first thing a strata manager needs to do is include a motion in the AGM agenda to show there's a requirement to install window locks and bring that to the owner's corporations attention.

"We also need to include a budgetary allocation to ensure we have sufficient funds in the budget. The strata committee can then source quotes and it's really important to use reputable contractors who are suitably qualified in this field.

"Once the quote's approved, notices need to be sent out to the residents and property managers to make sure they're aware of the schedules we've outlined for access and installation.

"Sometimes locksmiths will require access to provide a quote because not all windows are the same, especially in older buildings. This is when it is important to have a good relationship with property managers to gain access."

### *Property manager processes*

Sandy manages 1,156 properties with the majority of them being strata, and has put in place a process to deal with the new window safety law.

The process Sandy's team follow once they get notification from strata that an installation is taking place, includes:

- sending a letter and email to the tenants to let them know, including a pamphlet called [Kids Don't Fly](#) which contains information about preventing falls from windows and balconies

- informing the tenants of the company installing the lock, their contact, timeframe to install and what to do if they can't be there
- if access is not provided and further inspections are required, they are told additional costs will be charged to them
- once the window locks are installed, the address is added into Sandy's system which property managers check before attending routine inspections so they know to check the window locks
- during the annual inspection reports, they take photos of the locks and which rooms they're in and send them to the owner.

Sandy added: "It's very important property managers have systems in place to monitor and report on the new window locks because we're not experts and shouldn't be giving advice.

"A property manager's role is very complex and you need to be vigilant and report if there's anything amiss. However, if you have systems in place, it makes your life a lot easier."

Find out more about the new law on NSW Fair Trading's website [here](#).

Source: *The Real Estate Institute of New South Wales*

# THE WORLD

Property news from around the world



## Almost half of people in Europe believe they will never own their own home

Most people in Europe dream of owning their own home as they consider it a symbol of success and that it makes better financial sense than renting but 48% believe that it will never happen.

A new international survey that covers 13 European countries and the United States and Australia, found that overall the vast majority who own a home are happy with their housing situation, 78% in Europe and 69% in the US and 71% in Australia.

The research from ING also found that 60% of those who rent in Europe say they would like to own their home which rises to 70% for 18 to 34 year old, but 48% don't believe they will be able to do so.

Some 65% of people in Europe said they want to own a home because they consider it a symbol of success and the report says that this reinforces the notion that buying a house is not just a financial decision but guided by social and cultural principles.

A breakdown of the figures show that 72% believe that home ownership is a status symbol in Poland, 70% in Turkey and Romania and 65% in the UK while 68% of European think buying a home makes financial sense, including 83% in Luxembourg and 71% in the UK.

Fewer people in countries with a bigger rental market such as Spain, Germany and France see it as a good financial move. Just 47% thought it was financially better to buy a home than rent in Spain.

Some 66% of European thought that everyone would buy a home if they could afford to with higher shares agreeing on this point in most countries, including those with a strong renting culture such as Germany. Some 80% of people in Poland thought so, 79% in Turkey and 78% in Romania.

Overall 48% of people in Europe said they will probably never be able to afford to buy a home. A breakdown of the figures show this sentiment is higher in Australia at 62% while 56% say so in the UK and Germany.

When it comes to the rental market there is some sentiment that is has positives with 49% of people in Germany, 47% in Spain, 46% in the US saying that renting offers more flexibility. The survey also found that 31% of people in the US and 31% in Turkey believe life is much easier when renting.

People in Luxembourg, Belgium and Romania are least likely to agree that renting is easier. However, more than a third, across all countries, select 'neither agree nor disagree' when asked and the report suggests that while many people favour owning a home over renting, they also understand the full picture can be a complex one. There can be advantages and disadvantages, whether you rent or buy.

'Most people want to buy a house. Their reasons for doing this extend well beyond money, such as security and the freedom to decorate it how they like. Yet many now accept that they are unlikely to buy,' said

Ian Bright, senior economist and managing director of Group Research at ING.

'If you combine this with our findings that a higher proportion of home owners are happy with their housing situation, compared with renters, then it seems that more people will feel incredibly frustrated with their housing choices in the future. It is hardly surprising that many people in many countries think housing is on the wrong track,' he added.

Source: [PropertyWire.com](http://PropertyWire.com)

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