

REIA NEWS

ISSUE 77: APRIL 2018



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PATHWAY TO PROFESSIONALISM
IN AUSTRALIA'S CAPITAL

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PRESIDENT'S REPORT

Mr Malcolm Gunning
REIA President



WELCOME FROM REIA'S PRESIDENT

Welcome to the April edition of REIA News.

REIA has made a submission to the Royal Commission into Misconduct in the Banking Industry about real estate agent selection agencies. This Month's edition of REIA News explains why REIA is calling for such agencies to be treated the same as financial advisers and be directly remunerated by the vendor.

With the Federal Budget approaching this month's REIA News has an article that revisits last year's Budget and compares it to what REIA has lobbied the Government about.

Following on from the feature in last month's edition of REIA News on the REIA National Awards for Excellence this month we have an article by Anthony Toop, who was inducted into the REIA Hall of Fame for the second time, on what this achievement means to his agency.

Next month we will feature the 2018 Federal Budget and what it means for property.

Mr Malcolm Gunning
REIA PRESIDENT



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REIA CALLS FOR FUNDING TRANSPARENCY OF AGENT SELECTION SERVICES

This article is brought to you by REIA President Malcolm Gunning



In a submission to the Royal Commission into Misconduct in the Banking Industry, REIA has called for real estate agent selection agencies to be treated the same as financial advisers and to be directly remunerated by the vendor.

There has been a proliferation of businesses established to assist vendors selling their homes by choosing an agent for them. These businesses portray themselves as an impartial consumer advocate offering a free service to choose the most suitable agent for marketing their property.

On the surface this appears very attractive, the reality is however very different. Only those agents that are registered, or are, in some way associated with the selection service will be referred to the vendor. The agent selection service is nothing more than a listing service for agents who subscribe to the service.

Whilst the service appears free to the vendor, the selection service is remunerated by the agent that it recommends.

The selection services charge the agent a fee of around 20 per cent of their commission and the agent appointed will regularly seek a higher commission to off-set the costs of the selection service.

The vendor thus pays more and does not necessarily have the most appropriate agent.

In February of this year the Commonwealth Bank entered into a relationship with one of these selection services – LocalAgentFinder.

It is disappointing that the Commonwealth Bank took this step knowing the obligations of financial advisers, including that they be transparently remunerated by the client.

Whilst REIA supports assisting vendors to select the agent that best responds to the vendor's specific needs when the service provider is remunerated by the agent that they select, there is a conflict of interest which should be addressed.

Just as financial advisers are required to be remunerated by their client rather than the investment house where client's money is invested, REIA believes agent selection services should be remunerated transparently by the vendor.

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RECAP ON 2017 FEDERAL BUDGET

As we approach May and the bringing down of the 2018 Budget by Government it is timely to revisit the 2017 Budget and compare what was delivered and how that compares to what REIA has lobbied Government about.

There was much speculation about the 2017 Budget and what it would deliver in addressing housing affordability. As expected there was a suite of complementary measures addressing housing supply and affordability which together with infrastructure spending, were central elements of the Budget.

One measure that the REIA has advocated for a long time was to allow first home buyers to utilise superannuation as a way to save for a housing deposit. It was most pleasing to see that the 2017 Budget announced that first-home buyers will be allowed to salary-sacrifice contributions for a home deposit from pre-tax pay through a First Home Savers Scheme. Contributions are limited to \$30,000 per person and \$15,000 per year. Contributions are to be taxed at 15%, rather than marginal rates, and withdrawals taxed at marginal rates less 30 percentage points. This provides for a boost to home savings by at least 30%.

REIA also welcomed the measure to allow over 65 downsizers selling the family home to make a non-concessional contribution to superannuation of up to \$300,000 from the sale of their principal home from 1 July 2018. This will lead to a better utilisation of housing stock.

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



Measures to improve the supply of affordable housing have also been advocated by the REIA. The 2017 Budget had a number of such measures: the establishment of the National Housing Finance and Investment Corporation to provide long term, low cost finance to provide affordable rental housing; a National Housing Infrastructure Fund to remove infrastructure impediments to developing new homes, and; replacing the National Affordable Housing Agreement with new agreements to deliver housing supply targets and reform planning systems.

Full details of all measures are at <http://homeownership.gov.au/>

Importantly the Budget had no changes to negative gearing (other than some deductions) and CGT. REIA has consistently put the position to Government that until all property taxes are addressed simultaneously, negative gearing and capital gains tax on property investments are to be retained in their current form.

A further instalment in measures to address affordable housing can be expected in this year's Budget. As usual the May edition of REIA News will provide a feature article on the contents of the Budget and how it may affect housing.

This article is brought to you by Anthony Toop
Founder & Chairman,
Toop&Toop Real Estate



REIA HALL OF FAME INDUCTEE: ANTHONY TOOP



To be inducted into the REIA Hall of Fame is the greatest honor of the real estate profession and a sign that inductees are setting new benchmarks, an honor that everyone in the profession should strive for.

Toop&Toop Real Estate has won the Communications Award category at the REIA National Awards for Excellence three years in a row – in 2015, 2016 and 2017 – entitling them to be inducted into the REIA Hall of Fame for the second time. Toop&Toop Real Estate were first inducted into the REIA Hall of Fame for the Innovation Award category in 2009, having won that category in 2006, 2007 and 2008.

What is it that got Team Toop inducted into the REIA Hall of Fame for a second time?

To us, the Real Estate Institute of Australia National Awards for Excellence are the Oscars of real estate. They are the hardest to win, but the most satisfying because they mean something.

To be awarded three consecutive years in succession is amazing and highly motivating. Being inducted into the REIA Hall of Fame really is the pinnacle of Australian real estate awards.

For Team Toop, Hall of Fame means that what we are achieving is not a fluke. It says to us that we are on the right track and encourages us to continue to push boundaries. Hall of Fame tells us that we need to stay true to the goal of being the very best of the best, and in those moments of temptation when short cuts are tempting, it reminds Team Toop what we are really in business for.

Toop&Toop has entered a second generation. Hall of Fame provides clear culture, clear goals and clear KPI's that are not based purely on profit alone and provides a community bottom line goal to aspire to. It has always been the goal to be the best of the best, in the belief that success and profit will follow. We are proudly 33 years old this year, and there are few independent family agencies in the world that can boast 33 years.

The Awards for Excellence are our only KPIs in key non-sales areas of the business such as Innovation,

Communication and Marketing. It is important, motivational and the only way we can say to our team that we are performing at the highest level in these areas.

Toop&Toop has built our business off setting industry benchmarks, no different to athletes in the Commonwealth or Olympic Games. Personal bests, games best, world records... they are all benchmarks to go after and to beat, and for us it's the REIA National Awards for Excellence.

To watch video highlights of the REIA National Awards for Excellence, click [here](#).



New data privacy laws are here.

Are you prepared?

New data privacy legislation came into effect on the 22nd February 2018. If your agency collects and stores personal information about your clients you need to ensure you have the right processes and protection in place.

What would you do if your agency fell victim to a cyber-breach and are you adequately insured?

How do the data privacy laws affect you?

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PATHWAY TO PROFESSIONALISM



'Professional is not a label you give yourself, it is a description you hope others will apply to you' – David Maister



REIA Chair of the Professionalism Committee and REIA Project Leader, John Cunningham

REIA Chair of the Professionalism Committee and REIA Project Leader, John Cunningham presented “Pathway to Professionalism” to Principals in the ACT at the REIACT Deputy President’s Breakfast on 11 April 2018. REIACT Deputy President, Mr Stan Platis hosted 40 guests at the breakfast.

Mr Mark Love, Legal Director at Bradley Allen Love Lawyers, and event Partner, also spoke on the benefits of an industry becoming a profession and the responsibilities that ensue from that change.

This event was the first to be held for REIACT Principals and as the journey to Professionalism continues, the REIACT will be holding future events to ensure that all of the industry in Canberra understands the importance of this National project.

The REIACT will now seek the appointment of member representatives to undertake the role of Pathway to Professionalism ambassadors to further promote the project in the ACT.



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FOCUS ON HOLIDAY HOME RENTALS

The Australian Taxation Office (ATO) is paying particular attention to people who use their rental property for personal holidays, especially properties that are holiday homes.

The ATO is also taking a keen interest in holiday homes where the property is not rented or genuinely available for rent. They have seen a number of holiday homes that appear to be available for rent but the owner is very selective about whom the property is rented to.

Assistant Commissioner Kath Anderson said some taxpayers claim their property is available for rent, but when the ATO investigates, it is clear they have little intention of renting it out.

“We see things like unreasonable conditions placed on prospective renters, rental rates set above market rates, or failing to advertise a holiday home in a way that targets people who would be interested in it,” Ms Anderson said.

“Incorrect rental property claims will not go unnoticed. Whether it is a genuine mistake or a deliberate attempt to over-claim, new technology, data matching and other systems allow the ATO to identify unusual claims.

“Where something raises a red flag, it will be investigated. Property owners whose claims are disproportionate to the income received can expect scrutiny from the ATO.”

The ATO may contact you and ask you to provide comprehensive information about what steps you have taken to rent out a client’s property. You will best assist your clients by keeping good records and providing them to the ATO when they ask. Ensure you keep correspondence that didn’t result in a booking because this shows the ATO that steps were taken to rent the property.

The ATO requires that the property is actively managed. If you or your agency manages the property on behalf of a client you should ensure the property is advertised widely to attract the audience likely to rent the property. You should also note the following:

- The property needs to be in a good location and condition that will mean tenants will want to rent it.
- Set the rental at market rates. You are best placed to advise clients of these rates. Don’t set and forget. The ATO requires active management of the property and this means you need to continually review the rates, especially where the property is not being rented.
- The property is not genuinely available for rent where the owner refuses to rent the property to a tenant without good reason. Help your client by keeping records of the reasons for refusal; otherwise your clients may lose their deduction claims.

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

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



AUSTRALIAN WOMEN'S LEADERSHIP SYMPOSIUMS

The Australian Women's Leadership Symposiums are a national series of events focused on the experiences of women leaders in the contemporary workforce.

Taking place in every state and territory capital between May and August, the Symposiums are an unparalleled gathering of the best and brightest female talent. Keynote speakers for 2018 include Gail Kelly, Professor Gillian Triggs, Nova Peris OAM OLY, Jessica Rowe AM, Ita Buttrose AO OBE, Katrina Webb OAM, The Right Hon Dame Jenny Shipley and many, many more.

The principal themes that will be tackled at this year's events include:

- Resilience within the workplace
- Enabling women to lead
- The power of networking
- Being bold, being brave, being new
- Leading through change
- Getting comfortable with the uncomfortable.

An attendance discount of 25% is currently available by entering code ANSY18 at the time of booking (available until each Symposium sells out). For more information and to book: www.wla.edu.au/symposium



FIABCI NEWS



FIABCI

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EVENT

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.

[Newsletter – April 2018](#)

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Ceil Rosenbaum, REI Super member

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INDUSTRY UPDATE

Industry news from around Australia



The Australian Property Institute leasing update: are your dispute resolutions clauses correct?

A recent change in terminology by the Australian Property Institute (API) has altered the text that leases should include when a property valuer is required to resolve a dispute between parties.

The API offers a service where an expert valuer can be nominated to determine, usually on a final and binding basis, disputes between parties to commercial dealings. Commonly such a request will be made in connection with a dispute between a landlord and tenant over the rental payable on leased premises. Valuers can also be appointed to resolve capital value disputes.

The API recently undertook a major restructure which has changed some of the key terminology. Specifically, those changes include a change in nomenclature from "Divisional Councils" to "State Committees" and the head of new State Committee is now the "Chair" rather than the former "President".

The change in nomenclature does not affect this role and all API forms used in this process have been updated to reflect the change. Information about the process and links to download the relevant forms are available at www.api.org.au/chair-nominations
Experts working in this field are requested to ensure that the terminology used reflects the new terms above.

Any questions should be directed to the relevant state office of the Australian Property Institute (www.api.org.au/api-offices).

Industry Reforms are coming. Are you ready for the changes?

As a result of 10 years of committed lobbying from REINSW, the real estate reforms have been passed and the changes to the CPD will be introduced from 1 July 2018 and the changes in qualifications and duties are expected in October/November 2018.

REINSW has partnered with NSW Fair Trading to develop these changes. The passing of the Bill is a landmark moment for the real estate industry which will see agents deliver an enhanced standard of service. REINSW CEO, Tim McKibbin said "I am proud of the way the Institute fought for this change which will help improve and protect the profession."

Please see below the summary of changes and how it will affect you:

We understand that you may have many questions about these reforms, rest assured as the peak industry body we will be able to answer them.

How can I find out more?

- Email your questions to helpline@reinsw.com.au (for REINSW Members only)
- Attend the [REINSW Roadshow](#) where NSW Fair Trading and REINSW explain everything you need to know from what lies ahead, your options and obligations

This is an exciting time to be working in the real estate industry and we will be with you every step of the way.

	Certificate holder	Licence holder	Licensee-in-charge
Qualification	5 units	Certificate IV 12 months' experience	Diploma 2 years' experience
Duties	Cannot contractually bind the agency Cannot authorise trust account disbursements	Cannot authorise trust account disbursements	Operates and manages the agency Can authorise trust account disbursements
Expected date:	October/November 2018		
CPD	Nil – Certificate IV units count toward CPD	3 hours of mandatory topics 3 hours of elective topics	3 hours of mandatory topics 3 hours of elective topics 3 hours of business related topics
Expected date:	1 July 2018		

Source: The Real Estate Institute of New South Wales

INDUSTRY UPDATE

Industry news from around Australia



Apartments a gateway to Melbourne's premium suburbs

Buyers looking to enter Melbourne's most exclusive suburbs can save millions by purchasing an apartment or unit rather than a house, new REIV data shows.

In the last three months of 2017, buyers could secure an apartment in Toorak for \$940,000 – less than a quarter of the suburb's median house price of \$4.6 million.

Savings of more than \$2.1 million were also possible for buyers who purchased an apartment rather than a house in the inner city suburb of Hawthorn, which has a median apartment price of \$611,000.

At \$661,000 apartments were also the ideal entry point for buyers in Caulfield North which boasts a median house price of \$2.4 million.

Million dollar savings were also possible for buyers purchasing an apartment in the upmarket suburbs of South Yarra, Brighton and Balwyn.

REIV President Richard Simpson said apartments remain relatively affordable, even in many of the city's most exclusive neighbourhoods.

"Apartments and units are ideal for buyers who don't want to compromise on location or amenities, offering an entry point to many of Melbourne's most expensive suburbs."

"Apartments allow buyers to enter a multi-million dollar suburb for just a fraction of the price of houses in the same suburb."

"While apartments typically don't see the same level of growth as houses, the apartment market performed strongly last year with double-digit price increases across the city."

"First homebuyers should certainly consider an apartment or unit as a way of getting into the property market, with the majority of Melbourne suburbs recording median apartment prices below the \$600,000 barrier."

"Smaller properties also allow buyers to build equity in their home and move up the property ladder."

Mr Simpson added that apartments were also delivering dividends for investors with strong capital gains being recorded in a number of inner and middle ring suburbs, including Thomastown, Reservoir and Thornbury.

"Larger apartments are certainly seeing some of the strongest growth across Melbourne while a car park continues to add significant value in inner city areas."

Source: The Real Estate Institute of Victoria

Increasing property taxes won't fix WA's budget woes

The property industry is calling on the WA Government to not burden West Australians with unfair taxes, as a means of budget repair, following yet another disappointing GST carve up.

REIWA President Hayden Groves said while the Institute understands the WA Government is facing another difficult budget, relying on the property industry to prop up state finances will do very little to ease the state's fiscal pressures.

"WA already has one of the highest rates of land tax in the country. Any further increases would deter much needed investment, driving up rent prices and pricing the most vulnerable out of the rental market.

"The property market has been weak for some time. We are beginning to see some green shoots of recovery, but increasing taxes could jeopardise WA's economic bounce back.

"Access to affordable and appropriate housing is still one of the more challenging issues facing West Australians. Whether it be first home owners finding their feet in the market or seniors looking to right-size into more manageable accommodation, the WA budget should outline key reforms to open doors for those that need it most," Mr Groves said.

In its pre-budget submission, REIWA has called on the State Government to introduce measures that will improve housing affordability for all West Australians including;

- Re-introduce the First Home Owner Grant of \$3,000 for buyers of established home of less than \$430,000
- Introduce a transfer duty concession for seniors 16right-sizing
- Commit to no increases in property taxes, or changes to thresholds to either transfer duty or land tax.

"In the long term a complete tax review is needed to ensure taxes are being utilised as efficiently as possible. REIWA recommends a report into phasing out transfer duty in favour of a broader-based land tax.

"Safe and suitable housing is intrinsic to the success of local communities and the WA Government should be doing everything it can to ensure access to home ownership is a reality for everyone.

"Now is not the time to be burdening property with additional taxes," Mr Groves said.

Source: The Real Estate Institute of Western Australia

POLITICAL WATCH

Information and news from government



New laws will clamp down on tax evasion in property development sector

The Turnbull Government has successfully passed legislation to clamp down on GST evasion in the property development sector.

From 1 July 2018, the tax law will require purchasers of new residential premises and new residential subdivisions to withhold the GST on the purchase price at settlement and pay it directly to the Australian Taxation Office (ATO).

“This measure targets illegal phoenix activity in the property development sector. It puts an end to the problem of some developers collecting GST on new properties but then dissolving their business to avoid remitting the tax when it is owed to the ATO,” the Minister for Revenue and Financial Services, the Hon Kelly O’Dwyer MP said.

“The new arrangements will increase compliance with tax law, level the playing field for compliant businesses, and secure GST revenue for the states and territories to provide essential services that Australians rely on.”

This measure complements the Government’s comprehensive package of reforms to combat illegal phoenix activity, including the Government’s commitment to introduce a Director Identification Number.

The legislation also delivers on the Government’s commitments to:

- make regulatory improvements to Treasury portfolio laws such as in superannuation and corporations law,
- extend tax relief for merging superannuation funds until 1 July 2020,
- provide ongoing funding to the SuperStream gateway network governance body, and
- transfer the regulator role for early release of superannuation benefits on compassionate grounds from the Department of Human Services to the ATO, cutting the administrative burden for superannuation trustees and helping applicants to receive their funds sooner.

The legislation and supporting materials are available on the [Australian Parliament House](#) website.

Source: The Hon Kelly O’Dwyer MP, Minister for Revenue and Financial Services

Dwelling approvals decline in February

The number of dwellings approved in Australia fell for the fifth straight month in February 2018 in trend terms with a 0.1 per cent decline, according to data released by the Australian Bureau of Statistics (ABS) recently.

Approvals for private sector houses have remained stable at around 10,000 for a number of months.

Justin Lokhorst, Director of Construction Statistics at the ABS said: “The decline in total dwellings was driven by private

dwellings excluding houses, which have fallen for five consecutive months.”

Among the states and territories, the biggest trend decrease in dwelling approvals in February was the Australian Capital Territory (18.7 per cent), followed by the Northern Territory (7.2 per cent), Western Australia (4.4 per cent), Tasmania (3.4 per cent) and South Australia (1.2 per cent).

There were increases in trend terms in New South Wales (1.0 per cent), Queensland (0.9 per cent) and Victoria (0.1 per cent).

Approvals for private sector houses rose 0.2 per cent in trend terms in February. Private sector house approvals rose in Victoria (1.1 per cent) and New South Wales (0.8 per cent), but fell in Queensland (1.1 per cent), South Australia (1.1 per cent) and Western Australia (0.5 per cent).

In seasonally adjusted terms, total dwellings fell by 6.2 per cent in February, driven by a 16.4 per cent decline in private sector dwellings excluding houses. Private sector houses rose 1.9 per cent in seasonally adjusted terms.

The value of total building approved fell 1.1 per cent in February, in trend terms, and has fallen for five months. The value of residential building fell 0.1 per cent while non-residential building fell 2.9 per cent.

Source: Australian Bureau of Statistics

POLITICAL WATCH

Information and news from government



Housing finance numbers continue to fall

The February 2018 housing finance figures released today by the Australian Bureau of Statistics show the number of loans for housing continues to decline, according to the Real Estate Institute of Australia (REIA).

“Overall the figures for February 2018 show, in trend terms that the number of owner-occupied finance commitments decreased by 0.6 per cent – the fifth consecutive month of decreases,” REIA President Malcolm Gunning said.

“If refinancing is excluded, in trend terms, the number of owner-occupied finance commitments decreased by 1.0 per cent – the sixth consecutive month of decreases.”

Mr Gunning said in trend terms decreases were recorded in all states and territories except Tasmania, where lending increased by 0.2 per cent and the Northern Territory where it remained flat. The largest decrease of 1.4 per cent was in Western Australia.

“The value of investment housing commitments decreased by 0.2 per cent in February in trend terms following falls in the previous thirteen months.

“In trend terms, the number of established dwellings purchase commitments decreased by 0.6 percent while the purchase of new dwellings decreased by 1.0 per cent and new dwelling construction fell by 0.1 per cent.

Mr Gunning said the proportion of first home buyers, as part of the total owner-occupied housing finance

commitments, decreased marginally to 17.9 per cent in February compared to 18.0 per cent in the previous month.

“The number of loans to first home buyers increased by 4.2 per cent compared to January.

“The continued decline in housing finance reflects current market conditions with first home buyers being more active in the market in the last six months than in the previous five years,” concluded Mr Gunning.

THE WORLD

Property news from around the world



Compulsory qualifications for estate agents to be introduced in England

Estate agents in England will be required to hold a professional qualification and be transparent about fees charged under a Government bid to rid the property market of rogues.

The professional standards that will become obligatory will be in line with those currently required for conveyancers, surveyors and solicitors with the aim of driving up standards.

With over one million homes bought and sold in England each year, delays and complications during the process cause unnecessary financial and emotional stress, according to Housing Secretary Sajid Javid.

He pledged to bring the industry up to new standards and get rid of rogue estate agents and managing agents with the aim of making the process of buying and selling a home more transparent, more efficient and faster.

Estate agents will now be required to hold a professional qualification and to be transparent about the fees they receive for referring clients to solicitors, surveyors and mortgage broker.

Other measures to make the system easier, faster and more transparent include encouraging the use of voluntary reservation agreements to help prevent sales falling through and crack down on gazumping and setting a timeline for local

authority searches so buyers get the information they need within 10 days.

Managing agents and freeholders will be required to provide up to date lease information for a set fee and to an agreed timetable which Javid said will end the current situation where leaseholders are at the mercy of freeholders and their agents.

The National Trading Standards Estate Agency Team will also be strengthened so they can carry out more enforcement activity which includes banning agents.

‘Buying a home is one of the biggest and most important purchases someone will make in their life. But for far too long buyers and sellers have been trapped in a stressful system full of delays and uncertainty,’ said Javid.

‘So we’re going to put the consumers back in the driving seat. We will require estate agents to hold a qualification so that people are no longer at risk from a minority of rogue agents and can trust the process when buying or selling their home,’ he added.

Mark Hayward, chief executive, of the National Association of Estate Agents (NAEA), pointed out that it has long argued that estate agents should be recognised as professionals. ‘This is an important step towards achieving this and we look forward to working with the Government,’ he said.

‘For too long, unprofessional agents with no qualifications have been able to operate in the sector, and advise

home owners as they undertake the most important purchases and sales of their lives,’ he pointed out.

‘Enforcing compulsory qualifications will result in a fairer industry not only for consumers, but for the professional agents who have undertaken qualifications in order to deliver the highest standards every day,’ he also pointed out.

He explained that there are approximately 20,000 estate agent businesses across the country, and currently, anyone can practice as an estate agent. ‘The changes set out will professionalise the sector, creating a more trustworthy and reliable industry who will be better held to account,’ he added.

Source: PropertyWire.com

Property price growth slowing in many global cities but Berlin see strongest rise

Property prices in key cities around the world increased by 4.5% in 2017, down from 7% a year earlier as markets slowed but Berlin bucked the trend with annual growth of 20.5%, the latest global index shows.

Seville and Hong Kong were the most improved city markets with annual growth of 7.4% and 14.8% respectively, up from -9.9% and 4.3%, while Chinese cities registered a marked slowdown in 2017 averaging growth of 1.6%, according to the Knight Frank index which tracks 150 cities.

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At the end of 2016 some 12 cities, most of them Chinese, registered price growth above 20%, a year later only Berlin did so. According to Kate Everett-Allen, head of international research at Knight Frank, strong population growth, a stable economy, record low unemployment and robust interest from overseas investors are together propelling prices higher in the city.

Meanwhile, she pointed out that in China with fiscal stimulus being withdrawn, capital controls being put in place and the beginning of a shift towards the normalisation of monetary policy, annual price growth above 20% is now confined to only a few outer cities.

Chongqing is now the frontrunner in mainland China with previous hot markets such as Shenzhen and Beijing slipping down the rankings. Indeed, prices fell by 0.2% in Beijing.

She also pointed out that in the United States cities averaged 6.3% growth in 2017 despite four interest rate rises since December 2016. Seattle and San Francisco recorded the highest price growth at 12.7% and 9.3% respectively.

Vancouver rebounded from 21st to fourth place as supply shortages reignited price growth. 'The 15% foreign buyer tax has influenced luxury prices more than the mainstream market but with a raft of new cooling measures announced following

February's Budget the city may yet see its rate of growth soften,' said Everett-Allen.

Overall, the second highest growth was in Izmir in Turkey with prices up 18.5%, followed by Reykjavik up 16.6%, Vancouver up 16%, Hong Kong up 14.8%, Budapest up 15.5%, Hamburg up 14.1%, Munich up 13.8%, and Rotterdam and Frankfurt both up 13.4%.

At the bottom end of the index Abu Dhabi has seen prices fall by 9.1%, Lima down 8.4%, Turin down 8.3%, Delhi down 7.2%, Darwin down 6.3%, Genoa down 6.2%, Kiev down 5.1%, Palermo down 4.6%, Rio de Janeiro down 4.4% and Dubai down 3.8%.

In the UK in London prices increased over the year by just 2% but Edinburgh saw prices rise by 10.3% while they rose by 8.8% in Glasgow, by 6.9% in Birmingham, by 6.8% in Nottingham, and by 6.4% in Bristol and Manchester.

Source: PropertyWire.com

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