

# REIANEWS

ISSUE 79: JUNE 2018



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FOR FURTHER INFORMATION.



# PRESIDENT'S REPORT

Mr Malcolm Gunning  
REIA President



## WELCOME FROM REIA'S PRESIDENT

Welcome to the June edition of REIA News.

REIA has just published its Housing Affordability Report and Real Estate Market Facts reports. This edition of REIA News provides a “snap shot” of the outcomes. What is coming through in these reports as well as ABS lending figures is how the dynamics in the market have changed, in particular the east coast residential property market has moved relatively quickly from a seller's to a buyer's market. In the three months to end of March 2018 the number of loans also decreased across the country by 16.0 per cent, with falls in all states and territories

including the largest decrease of 17.9 per cent in New South Wales and Victoria. The reduction reflects the changing sentiment in the market and can be attributed to APRA restrictions on investment loans and more stringent home lending criteria in general.

This edition also includes an article on the Pathway to Professionalism project which REIA has embarked on. Through enhanced practice and culture in the real estate industry our aim is to become the trusted real estate adviser and provide a high level of consumer satisfaction not just facilitate a transaction.

**Mr Malcolm Gunning**  
REIA PRESIDENT



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## NATIONAL MARKET SNAPSHOT

EXTRACTED FROM REAL ESTATE MARKET FACTS  
MARCH QUARTER 2018

- ▶ Quarterly Australian weighted median house price is \$770,086
- ▶ Quarterly Australian weighted median other dwellings price is \$593,188

### Median house prices up:

Hobart 7.2% to \$492,000  
Melbourne 4.4% to \$855,000  
Adelaide 1.1% to \$470,000

### Median house prices down:

Darwin 1.6% to \$505,000  
Perth 1.9% to \$510,000  
Sydney 2.6% to \$1,150,357  
Brisbane 2.8% to \$515,000  
Canberra 3.6% to \$641,000

### Median other dwelling prices up:

Melbourne 2.4% to \$607,000  
Hobart 1.7% to \$348,000

### Median other dwelling prices down:

Sydney 0.5% to \$740,041  
Adelaide 0.9% to \$366,500  
Canberra 1.6% to \$433,000  
Perth 2.2% to \$401,000  
Brisbane 5.1% to \$393,750  
Darwin 7.5% to \$347,500



## NATIONAL AFFORDABILITY SNAPSHOT

EXTRACTED FROM ADELAIDE BANK/REIA HOUSING  
AFFORDABILITY REPORT, MARCH QUARTER 2018

	Mar 2018	Dec 2017	Mar 2017
Proportion of family income to meet:			
Home loan repayments	31.3%	31.6%	30.4%
Rent payments	24.8%	24.5%	24.7%

- NSW** Housing affordability improved in NSW with loan repayments decreasing by 1.3 percentage points
- VIC** Both housing affordability and rental affordability declined in Victoria over the March quarter
- QLD** Housing affordability improved while rental affordability declined in Queensland
- SA** South Australia had the largest increase in average loan amount (3.6%)
- WA** Western Australia had improvements in both rental and housing affordability over the March quarter
- TAS** Tasmania had the largest decline in rental affordability
- NT** Northern Territory had the largest decrease in the number of first home buyer loans over the quarter
- ACT** ACT had the largest annual increase in the number of new loans (7.1%)



## THE AUSTRALIAN REAL ESTATE PROFESSION AIMS AND OBJECTIVES

The Real Estate Institute of Australia is in the process of creating a National Professional Standards Scheme for the Real Estate Industry.

### The purpose of the scheme is:

- To raise the bar on ethics and practice standards for the betterment of consumers
  - To transform the service experience to exceed consumer expectations
  - To become more valuable and relevant in a rapidly changing world whilst still retaining the emotive human element
  - To set new education standards to meet the required skill levels of our clients' needs
  - To address and influence regulatory creep caused by poor consumer experiences
  - To provide Professional Agents with a readily identifiable consumer "mark" for personal and community credibility
- To create an environment where Professional Agents are considered as Trusted Advisors
  - To hold Professional Agents accountable to their standards and commitments
  - To show Agents there is a better more collaborative way, the Pathway to be a Professional
  - To create the blueprint for a thriving career in a new transparent and evolved era
  - To see Industry Associations guiding Professional Agents on the way to service innovation and consumer care.

Please see [P2P website](#) for further details and register your interest.



# REAL ESTATE INDUSTRY ON PATHWAY TO PROFESSIONALISM

**Real estate agents across Australia are taking steps to be recognised as a profession which will see benefits to the consumer, according to the Real Estate Institute of Australia (REIA).**

“On behalf of its member Real Estate Institutes, REIA has applied to the Professional Standards Authority for admission as a profession,” REIA President Malcolm Gunning said.

“The Authority is an independent statutory body established with specific responsibilities under professional standards legislation for assessing and approving applications for, and supervising the application of, Professional Standards Schemes,” he said.

“For those agents wishing to pursue a professional path, education and training standards will be raised far beyond those currently required for regulatory purposes which will result in significant consumer benefits.

“REIA is completing four distinct and demanding phases as part of the process which is expected to be finalised by the end of 2019,” he said.

Mr Gunning said in addition there will be a uniform robust code of ethics that participating professionals will need to adhere to and a set of auditable accountability commitments to maintain membership.

“Individuals will need firstly to be members of their state Real Estate Institute and then pass rigorous tests to achieve recognition.

This article is brought to you by Mr Malcolm Gunning  
REIA President



“This scheme will not be for all agents as only those prepared to raise the bar on their own standards, skills, education, performance and commitments will qualify.”

Mr Gunning said as a result there will be two types of practitioners; real estate professionals who are members of the scheme and those outside the rigors of the scheme.

“Consumers will have a clear choice between a valued professional and the low cost listing services entering the industry and they will be able to determine the value and effectiveness of both when they come to sell their property.

“It is expected that state and federal Governments across Australia will also welcome the move as has already been documented in the NSW Parliament.

“We are forging a new direction for the industry, and as a result better experiences and outcomes for property consumers,” Mr Gunning said.

For more information on the program visit: [reip2p.com.au](http://reip2p.com.au)

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This article is brought to you by **Zoe Arthur**  
Senior Partnerships  
Adviser



## REAL ESTATE INDUSTRY GENDER PAY GAP REACHES RECORD HIGH



### **The Real Estate Industry has one of the highest gender pay gaps in Australia, according to the latest data from the Workplace Gender Equality Agency.**

The Workplace Gender Equality Agency's (Agency) 2016-17 data shows that women in the industry earn on average 41 per cent less than men a year, a figure that has increased year-on-year from 2013 and is almost double the overall average gender pay gap of 22 per cent.

This large gender pay gap is fuelled by a lack of women in leadership positions across the industry. Women make up 50 per cent of the workforce but only account for 22 per cent of key management personnel. This figure drops off even further at the CEO level with men holding 91 per cent of top positions. The data shows that women dominate lower paid occupations in the sector, such as clerical and administrative roles. The female talent pipeline in the industry appears to be blocked – Real Estate Agents, it is time to call in the plumber!

Identifying blockages that prevent women from rising to the top can lead to better outcomes for all employees and help improve the business bottom line. Research shows that gender equality is important for workplaces not only because it is 'fair' or 'the right thing to do' but also because it can improve organisational performance and help attract and retain top talent. Research by McKinsey examined 366 companies across Canada, the UK and the United States and found that companies within the top quartile for gender diversity were 15 per cent more likely to have higher financial returns than their national industry medians.

Australian employers are increasingly realising the benefits that gender equality can bring and prioritising gender pay equity as a business imperative. In 2016-17, over half of reporting organisations have formal

strategies or policies on remuneration and there was a rise of almost 11 percentage points in employers analysing their data for pay gaps.

Improving gender equality will not happen accidentally, and like any other business issue, a strategic and systematic approach is required. A key starting point for many organisations is through annual reporting to the Agency. The Agency also has a range of tools and resources to help employers on our website: [www.wgea.gov.au](http://www.wgea.gov.au).

The Workplace Gender Equality Agency is a federal government agency charged with promoting and improving gender equality in the workplace. Non-public sector organisations with 100 or more employees are required to report to the Agency annually against a range of gender equality indicators.



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the date  
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14 October

Championship  
Draw

6pm - 7:30pm

REINZ, Auckland

Monday  
15 October

Championship  
Heats

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Q Theatre

Tuesday  
16 October

Schools / Senior  
Finals

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Q Theatre

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# REISuper





# INDUSTRY UPDATE

## Industry news from around Australia



### Reforms signal positive change for Real Estate Profession

*John Cunningham, Immediate Past President, REINSW*

Some of the most important reforms to real estate practice in over 30 years will be introduced in New South Wales in July of this year.

The overwhelming need for positive change in our regulatory environment was identified over 10 years ago when it was becoming evident that the Federal Government's desire for increased competition in various industry sectors was starting to have negative impacts.

The opportunity to rot the system by unscrupulous training organisations was resulting in an abundance of providers ripping off the system and producing either incompetent or incapable students with the necessary qualifications but without the necessary skills to do the required jobs. Real Estate was right in the thick of this environment and the results are still being seen today.

The reforms being implemented on 1 July 2018 hope to address that by bringing more stringent course content, with increased units for certificate of registration courses and a focus on foundation knowledge that will enable students to then progress their careers in both sales and property management and progress to their licence Cert IV qualification.

In fact this career path progression for those involved in the areas of advice and negotiation is singularity the most significant part of the reform package. Anyone desiring to progress their career must within four years of obtaining their certificate of registration complete the balance of units required for the Cert IV. This will result in better trained, more highly skilled and more capable participants in the industry and that is the outcome REINSW set out to achieve.

We saw that the better the education, ongoing training, skills and standards the better the performance of our people and the better the experiences and outcomes for property consumers.

The reforms will be far reaching including new disclosure requirements and the introduction of the new licence class of Licensee in Charge a new education standard will be set. This class will require a Diploma qualification and as a result a new course has been developed with the desire to build business skills for business owners. Better run businesses mean better run teams and better consumer experiences and outcomes.

This new qualification will also mirror the impending professional standards program to finally create a uniform set of standards for the industry in Australia under a Federal Government recognised Professional Standards Scheme that will see our industry finally achieve professional status. This step

could not be possible without the NSW Real Estate Reform package raising the bar to a new Industry wide height to enable the professional standards bar to be raised even higher. For further information in regard to the reforms go to [www.reinsw.com.au/reforms](http://www.reinsw.com.au/reforms).

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

### Update on Rebate Statements

There has been an announcement by government recently on the issue of rebate statements. This has come about because of some very recent discussions and correspondence between our CEO, Gil King, the Government and Consumer Affairs Victoria.

The Government has advised that it will amend the *Estate Agents Act 1980* to protect agent commissions after contracts with incomplete rebate statements were used. The Government is taking action to ensure estate agents who have followed their regulatory responsibilities in good faith are paid for the work they performed.

This announcement will have the effect of stopping all claims on foot as well as any future potential claims against the REIV or its members. This is an excellent result for the REIV, its members and the real estate profession and a significant win for the REIV. The legislative fix being

» *article continues*

# INDUSTRY UPDATE

## Industry news from around Australia



» *continued*

worked through is likely be introduced into parliament in the next few weeks.

Should you have any questions, please contact the REIV on 03 9205 6666 during business hours.

Richard Simpson, President, REIV

*Source: The Real Estate Institute of Victoria*

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### REIs in WA and SA support online real estate sales platform

A new online sales platform for real estate agents is being supported by the Real Estate Institutes in Western Australia (REIWA) and South Australia (REISA).

The platform, REBid, has been designed to be used by [real estate agents](#), while offering benefits to both [buyers](#) and [sellers](#).

Neville Pozzi, CEO of REIWA, said

“All industries need to embrace new technologies or they face the risk of digital disruption from outside. At REIWA we have partnered with REBid to offer an online solution that’s not only beneficial to our members, but also enhances the customer experience for the real estate buying public.”

Greg Troughton, CEO of REISA, said “Best practice and professionalism are a major focus for our members, so we’ve partnered with REBid because the transparency of the online sales transaction enhances the integrity of the sales process.”

Both Pozzi and Troughton agreed REBid offered an alternative method of sale that would suit some, but not all, properties.

“It’s always up to the agent, in consultation with the vendor, to choose the most appropriate method of sale for each property – REBid simply offers another option to choose from” they said.

REBid has been developed by an Adelaide-based company, REBid Pty Ltd, whose founders combine both property and technology experience.

REBid CEO, Bill Waterhouse, said “In an era when people do just about everything online, we thought it was time for real estate to also embrace the digital age. But we also know that buying and selling a house is usually the biggest financial transaction most people undertake, so the role of the real estate agent is critical – that’s why we’ve set out to work with the industry, not disrupt it.”

REBid was launched at AREC 2018 on the Gold Coast on 27-28 May.

*Source: The Real Estate Institute of Western Australia*

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# Professional indemnity claims: A real risk for real estate professionals

When you're focused on racing to property inspections, managing tenants and negotiating contracts, professional indemnity risk is probably the last thing on your mind. But the reality is that these everyday real estate scenarios can expose you to risks that could lead to a compensation claim.

Professional Indemnity insurance can act as a safety net to provide protection from the costs associated with any claims, including legal costs and any damages awarded.

If you would like to find out more or discuss your insurance needs, please contact Aon today.

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## GOING, GOING, GONE: DON'T LET PROFESSIONAL INDEMNITY RISK RUIN YOUR BUSINESS

When you're focused on racing to property inspections, managing tenants and negotiating contracts, professional indemnity risk is probably the last thing on your mind. But the reality is that these everyday real estate scenarios can expose you to risks that could lead to a compensation claim – causing financial and reputational harm to you personally, and to the business you've worked so hard to build.

Despite your best efforts to provide a quality service to your clients, the reality is that mistakes can happen. It's therefore important to be aware of the risks involved with your line of work, so you can put steps in place to help avoid them and ensure that you're protected with the right insurance cover.

### The top risks facing real estate professionals

Some common risks and claims relating to professional indemnity for real estate professionals include:

- **Misrepresentation:** Disputes arising when the purchaser feels they have been misled by advertising – such as describing a property with 4 bedrooms (instead of 3 + study)
- **Mismanagement:** Rental property mismanagement claims occurring when a Landlord incurs costs due to a loss of rent or damage to

property – this could be due to a tenant skipping town without paying their rent, or causing malicious damage to their rental property.

- **Employment Practices Liability:** EPL claims arising from outgoing or current employees. These can be very costly - proven Unfair Dismissal claims can lead to payment of up to 26 weeks salary, and claims relating to bullying, underpaying and sham contracts are uncapped.
- **Personal injury:** Claims arising from a client or employee being injured at your workplace or anywhere you do business, including property inspections and auctions.

### How can you prevent falling victim to a claim?

While it's important to be aware of the risks impacting your professional practice, it's even more important to be diligent and put steps in place to avoid or minimise them. We've compiled some tips to help minimise some of the most common real estate risks:

- Complete thorough and regular property inspections with supporting documentation and photos
- Implement electronic systems to ensure timely follow ups of properties and maintenance
- Ensure the accuracy of advertisements by vetting

the wording and accuracy of information supplied by vendors or Landlords

- Implement policies, training and procedures for staff including social media and email policies
- Be proactive to staff matters involving bullying or harassment, and seek immediate advice from your broker or Insurer if an issue arises

### Protect your finances, your business and your livelihood

Even if you implement all the risk minimisation strategies, accidents and mistakes can still happen. That's where Professional Indemnity insurance can act as a safety net to provide protection from the costs associated with any claims (including legal costs and any damages awarded). With cover options tailored to the unique requirements of real estate professionals, Professional Indemnity insurance provides peace of mind and security – so you can keep focusing on what you do best.

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# POLITICAL WATCH

## Information and news from government



### Business losses to scams up 23%

Scammers swindled nearly \$4.7 million from Australian businesses in 2017 according to the ACCC's latest [Targeting scams](#) report – a 23 per cent increase compared to 2016.

The ACCC's Scamwatch service received 5,432 reports from businesses about scams in 2017. Businesses that fell victim to scammers lost an average of nearly \$11,000.

"Scammers don't discriminate and businesses have what scammers want: money. They'll use a variety of cons to swindle busy workers and it can be very devastating to a business's bottom line," ACCC Deputy Chair Dr Michael Schaper said.

Small businesses with fewer than 20 staff were most likely to be targeted by scammers and accounted for more than 50 per cent of reports to the ACCC. Businesses were most likely to be targeted with false billing scams (1,323 reports), while employment and investment scams caused the most losses at nearly \$1.7 million.

"We've seen a worrying and dramatic jump in losses reported to us about these two scams. False billing scams are where a scammer tries to trick a business into paying fake invoices for directory listings, advertising, domain name renewals or office supplies. The scammers are very aggressive and persistent in demanding payment," Dr Schaper said.

"With employment and investment scams, scammers offer services commonly used by businesses such as web page development, search engine optimisation, small business loans and business directory listings. The business signs up to what seems like a good deal but quickly discover they receive no service and that the offer was not legitimate."

"It's vital Australian businesses are aware that scammers are actively out there targeting them and to ensure they have strong processes in place to avoid becoming victims," Dr Schaper said.

Australian businesses are encouraged to visit [www.scamwatch.gov.au](http://www.scamwatch.gov.au) (link is external) to learn more about scams targeting them. They can follow [@scamwatch\\_gov](#) (link is external) on Twitter and subscribe to [Scamwatch radar alerts](#) (link is external).

They can also sign up to the ACCC's [Small Business Information Network](#) to receive emails about new or updated resources, enforcement action, changes to Australia's competition and consumer laws, events, surveys and scams relevant to the small business sector.

*Source: Australian Competition & Consumer Commission*

### Dwelling approvals fall in April

The number of dwellings approved in Australia fell by 0.1 per cent in April 2018 in trend terms, according to data released by the Australian Bureau of Statistics (ABS) recently.

"The total dwellings series has been relatively stable for the past eight months, with around 19,000 dwellings approved per month," said Justin Lokhorst, Director of Construction Statistics at the ABS. "The strength in approvals for houses is being offset by weakness in semi-detached and attached dwelling approvals.»

Among the states and territories, dwelling approvals fell in April in Tasmania (3.7 per cent), Victoria (2.3 per cent) and Western Australia (2.2 per cent) in trend terms.

Dwelling approvals rose in trend terms in the Australian Capital Territory (14.8 per cent), the Northern Territory (6.7 per cent), South Australia (1.7 per cent), New South Wales (0.9 per cent) and Queensland (0.7 per cent).

In trend terms, approvals for private sector houses rose 0.9 per cent in April. Private sector house approvals rose in Queensland (1.6 per cent), Victoria (1.5 per cent) and New South Wales (0.6 per cent), but fell in Western Australia (0.9 per cent) and South Australia (0.4 per cent).

In seasonally adjusted terms, total dwellings fell by 5.0 per cent in April, driven by a 11.5 per cent decrease in private sector dwellings excluding houses. Private sector houses rose 0.1 per cent in seasonally adjusted terms.

The value of total building approved fell 0.7 per cent in April, in trend terms, and has fallen for six months. The value of residential building fell 0.5 per cent while non-residential building fell 1.0 per cent.

*Source: The Australian Bureau of Statistics*



# POLITICAL WATCH

## Information and news from government



» continued

### New laws better protect vulnerable tenants

The Government has moved to protect tenants and consumers while it continues to consider commercial alternatives to the traditional bond.

People renting in Canberra will also have a more suitable option manage overdue payments under new laws passed in the Legislative Assembly today.

Attorney-General Gordon Ramsay said the amendments to the *Residential Tenancies Act 1997* made these two very important changes to the residential tenancy legislation.

“We have reinstated the delay on the use of commercial guarantees as an alternative to a rental bond to give the Government more time to consider the implications for Canberra renters,” Minister Ramsay said.

“We need to make sure that tenants and consumers continue to be protected under the legislation.”

The legislation also replaces conditional termination and possession orders with a new type of order called a payment order to manage overdue rent.

“Conditional termination and possession orders were causing a lot of concern for vulnerable tenants, and uncertainty in the law was making the process difficult and potentially costly for both landlords and tenants,” Minister Ramsay said.

“These changes make the process for managing payment plans much clearer, which benefits vulnerable tenants by ensuring that they have certainty and have the ability to make a case to the ACAT about hardship. It also benefits landlords by setting out a very clear

process with set timeframes for taking action in response to a breach.

“What this means is that in those cases where the ACAT orders a payment plan for overdue rent, the process for dealing with breaches of that plan by either a tenant or landlord will be certain,” Minister Ramsay said.

Source: Gordon Ramsay, MLA ACT Government

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### NSW Fair Trading law crackdown

NSW Fair Trading confirmed at the REINSW Roadshow that they are targeting real estate agents who are not keeping a written record of their conversation when they are discussing the price of a property.

A REINSW member recently contacted the Helpline and advised us that NSW Fair Trading called to enquire about a property anonymously, before turning up at their office the next day to ask for their written record of their specified price or guide given.

#### What does the law say about written records?

The requirements for written records on selling price statements fall under the *Property, Stock and Business Agents Act 2002*.

NSW Fair Trading’s [underquoting guidelines](#) state a real estate agent who says the property is likely to be sold for a specified price or within a specified price range must make a written record of the statement (section 73B(1)).

The record of the statement must contain:

- the address of the property
- the price or price range

- the date and time of the representation
- any other information that is prescribed by the regulations (section 73B(2)(a)).

The record of the statement must be kept at a real estate agent’s principal place of business for at least three years (section 73B(2)(b)). A maximum penalty of 200 penalty units (currently \$22,000) applies for breaching this law.

Source: The Real Estate Institute of New South Wales

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### Housing finance, Australia, April 2018

The trend estimate for the total value of dwelling finance commitments excluding alterations and additions fell 0.8%. Owner occupied housing commitments fell 0.1% and investment housing commitments fell 2.0%. In seasonally adjusted terms, the total value of dwelling finance commitments excluding alterations and additions fell 0.2%. In trend terms, the number of commitments for owner occupied housing finance fell 1.1% in April 2018. In trend terms, the number of commitments for the construction of dwellings fell 1.7%, the number of commitments for the purchase of established dwellings fell 1.0% and the number of commitments for the purchase of new dwellings fell 0.9%. In original terms, the number of first home buyer commitments as a percentage of total owner occupied housing finance commitments rose to 17.6% in April 2018 from 17.4% in March 2018.

Source: ABS

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**Samantha Payne**

PRESIDENT, FIABCI  
AUSTRALIA

**FIABCI was founded in 1951 in Paris and exists in all continents representing 40 Professions of the Real Estate Industry. FIABCI provides access and opportunities for real estate professionals interested in gaining knowledge, sharing information and conducting international business with each other. With members in 65 countries, including 87 professional associations and 79 academic institutions, FIABCI is the most representative, non-political real estate organization in the world and holds special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.**

The Australian Chapter of FIABCI was founded in 1970 with its current Principle Members being REIA and REIV. Having been an active member of FIABCI for several years, to be provided with the opportunity to take on the role of President of FIABCI Australia was a great honour. Australia is a large sparsely populated country and as such, the wealth that being a member of FIABCI comes not only from being able to contact, network, learn and do business with Property Professionals from all over the world but even down to within other States across Australia.

From the moment I joined FIABCI, I have gained not just knowledge but fantastic business relationships and more importantly like-minded friends all over the world and have been made to feel very welcome wherever I have travelled within the FIABCI network. Wherever you visit, there is always a FIABCI member who will be happy to welcome you to their country and offer their hospitality to you, your friends and your family!

FIABCI's active involvement with other Worldwide Real Estate Industry related groups and the level of respect that FIABCI deservedly commands makes being a member a priceless. I would recommend every Australian Property Professional to become a member of FIABCI no matter what discipline, age or nationality, it is a Global Property 'Family' and has proved invaluable to me and my Business!

To join, please visit the [FIABCI website](#)



# Vodafone National Small Business Summit 2018

Power and the people

30 – 31 August 2018 • Swissôtel Sydney, NSW



Secure your ticket and put the date in your calendar for Australia's only event bringing together senior politicians, policy makers and regulators who are influencing policy for small business.

## Power and the people

Small businesses across Australia are powered by the over 4.5 million people they employ, and contribute a valuable \$3.4 billion to the Australian economy annually.

The agility of small businesses provides our society with the capability to innovate, and respond to adversity faster than big business, while remaining connected to our communities and culture. It is the power of small business people that make a difference.

By August 2018, we will be closer to a Federal Election, so we can focus and promote the policies we want front-and-centre for all political parties.

### Key sessions will cover:

- Workplace relations
- Superannuation
- Paid parental leave
- Contract law and competition policy
- Women in business
- Vocational education and training
- Compliance and regulation demands
- Mental health and wellness
- Cyber security and data protection

You're invited to attend Australia's premier policy event driving discussion between small business, senior politicians as well as bureaucrats and big business representatives. In a three-way exchange of minds, we will debate policy and build productivity for the betterment of our small business people.

[Register today](#) to connect and hear from key decision makers and influencers, such as the **Small Business & Family Enterprise Ombudsman, Fair Work Ombudsman, Commissioner of Taxation, ACCC and Council of Small Business Australia (COSBOA).**

# THE WORLD

Property news from around the world



**Charles Pinckney**

Managing Director, CityYield

## Expert predicts the next international property hotspots

Research reveals that 1 in 2 Australians would choose to purchase investment properties overseas, and from those respondents, 50% would prefer to purchase overseas compared to buying locally if they had the funds, information, tools and resources to do so<sup>1</sup>.

Charles Pinckney, Managing Director of [CityYield a premiere global agency that specialises in the sale of investment properties](#) – says, “Investing overseas is an ideal way for Australians to enter the property market as investors can earn higher returns and build a profitable portfolio. With international property becoming more accessible and popular with everyday Australians, finding lucrative opportunities and acting fast is even more crucial than ever”.

Charles continues, “At CityYield, we use our extensive partnerships, expert knowledge and innovative technology to identify valuable trends for our clients

and are able to act on these before other investors are even looking”.

To help Australian property investors get ahead, Charles shares his predictions for the next top five international property hotspots:

### ***Manchester (England)***

Compared to London, Manchester’s market is undervalued and has significant potential for uplift. This is due to the fact that they have a number of upcoming projects to support regeneration and economic growth. These include The Manchester Airport which is undergoing a dramatic £1 billion-pound transformation, the 50 billion+ High Speed Rail 2 (HS2) project which will connect London and the North of England, a £350 million major new Metrolink extension and a £1 billion expansion of MediaCityUK (phase 2) which is set to double the size of a rapidly growing sector in Manchester.

Manchester is also one of Europe’s largest student populations with the highest retention rate post-graduation, therefore increasing rental demand. In order to retain these skilled workers, iconic British brands including the BBC and ITV studios have relocated parts of their operations to this City.

### ***Berlin (Germany)***

The continuous regeneration of key German cities, lack of restrictions

on foreigner property investors and rapid capital appreciation over the past 12 months makes Germany one of the most lucrative destinations within Europe. A growing number of start-ups and new business is fueling population growth in Berlin, as it increased by over 300,000 between 2005 and 2016 and is predicted to increase by another 400,000 new residents by 2030<sup>2</sup>. New construction in Berlin is lower than in any of Germany’s other major cities, and with population growth outlined above driving housing demand, prices are responding positively as expected and are predicted to continue to do so. The €5.3 billion investment into the Berlin Brandenburg Airport is also scheduled to open in 2020 bringing with it direct flights to global cities and opening up Berlin as a central business destination.

### ***Edinburgh (Scotland)***

A high quality of life, affordability and competitive cost base make Edinburgh an attractive choice for property investors. House prices have been soaring over the past 18 months, and have only slowed due to an increase in properties available on the market.

Edinburgh is the busiest international hub in Scotland and has the strongest economy of any city in the UK outside of London. Their business focused ecosystem, highly skilled workforce and strong reputation for start-ups pushes the population of Edinburgh up, and subsequently housing demand. They

1 Analysis by WorldFirst 2018

2 Institute for Economic Research (IWR)

# THE WORLD

Property news from around the world



» *continued*

are also making improvements to their public transport network as Waverly Station currently has over 20 million users per year, making it the largest British train station outside London.

## **Tokyo (Japan)**

With a strong capital appreciation, stable rental yields, a weakening yen, and the upcoming 2020 Olympics, the Tokyo property market is an attractive choice. Although Japan as a whole is facing an aging population crisis, the 5 central wards of Tokyo recorded increases in population ranging from 16% to 54.7% since October 2010. Rental yields in Tokyo are also more favorable in comparison to other Asian countries, sitting at 3.5-4%.<sup>3</sup> As a result of its positive yield spread between real estate assets and the cost of capital, Japanese banks generally lend real estate at low interest rates.

## **Orlando (USA)**

The strength of the US dollar and high degree of economic stability adds an increased level of safety to a property portfolio. Orlando homes are still grossly undervalued as they have taken time to recover from the property crash, suggesting a healthy potential for capital growth. A perfect combination of job growth (7.1% job growth over the past two years), population growth (7.6% population growth over the last three years) and affordability places Orlando as the

place to buy in the US at this stage.<sup>4</sup> Their home prices also increased 9% in 2017 and rental value went up by 8% in 2016 alone, offering strong yields to investors. Aside from this, Orlando has a strong technology hub and is the base of several businesses in the film, television, and video game industries.

Charles concludes, "With Australian properties being inaccessible for a majority of investors, it is crucial that investors leverage the power of international property in order to increase their chance of success. With services available to predict hotspots and offer advice every step of the way, there is no longer a reason for Australians to fear international property investment".

[CityYield](#) is a premiere global agency specialising in the sale of investment property for rental yield across leading international markets. By helping non-institutional investors find, analyse and acquire properties for rental yield around the world, they are revolutionising international property investment.

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<sup>4</sup> <https://www.forbes.com/sites/samanthasharf/2018/02/01/best-buy-cities-where-to-invest-in-housing-in-2018/#19a536c1298b>

<sup>3</sup> <https://coown.world/city-guide-tokyo-japan/>

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