REIANEWS

ISSUE 81: AUGUST 2018

IN THIS ISSUE

Mr Malcolm Gunning
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the August edition of REIA News.

This month we feature an article on proposed rental reforms in Victoria which industry believes runs the risk of depleting the stock of rental housing.

There are also two articles by the ATO. One on changes to the collection of GST on property transactions and the other on a vacancy fee on unoccupied dwellings held by foreign owners.

In last month's edition I commented on the decline in housing loan approvals and the drag this has on economic activity. The news doesn't get any better in the latest figures. The figures for June 2018 show that in trend terms, the number of owner-occupied finance commitments decreased for the ninth consecutive month with decreases recorded in all states and territories except Tasmania and Queensland, where lending increased by just 0.1 per cent. Whilst the proportion of first home buyers increased in June to 18.1 per cent, the number of loans to first home buyers decreased by 8.3 per cent.

It is against this background that I read with interest the statement by the Governor of the Reserve Bank of Australia in his opening statement to the House of Representatives Standing Committee on Economics last week when he noted that "the Australian economy has continued to move in the right direction" with "the most recent data showing GDP growth is 3.1 per cent". In regard to the housing sector he observes that "it is good news that this adjustment is taking place at a time when global growth is strong, the labour market is positive and interest rates are low. All these things are helping with the adjustment".

I continue to maintain that a robust housing sector would add to the nascent economic recovery. The rapid decline in house prices on the East Coast and its impact on homeowner confidence is a worrying feature of the recovery.

Mr Malcolm Gunning
REIA PRESIDENT

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TIPS FOR A PET-FRIENDLY RENTAL PROPERTY

This article is brought to you by Carolyn Parrella
Terri Scheer Insurance
Executive Manager

Allowing pets to be housed in a rental property is a major decision for a landlord and their property manager, and one that should not be taken lightly.

As a property manager you retain complete control of what animals are allowed to be housed at your client's property and your decision can be made on a case-by-case basis.

Making your property pet-friendly can have many benefits and improve profitability of your investment, but it can also be a serious risk to landlords.

Pet damage may include soiled carpet, claw marks on walls and damage to exterior fences.

There are a number of factors to consider before making a rental property pet-friendly, to help minimise the impact of potential damage.

Enforce a pet policy

Before allowing pets at the property, it's a good idea to establish a pet agreement with the tenant. This is a good risk management strategy where you can outline specific guidelines you would like the tenant to follow.

For example, you may request that the pet is housed outside and for the tenant to keep the property free from animal odours, hair and pet waste. You should also outline the consequences if a tenant fails to meet their obligations.

Regular property inspections

Property managers should closely monitor whether animals are present at the property by conducting regular property inspections.

If an animal is not present at the time of the inspection but it is suspected one may be housed at the property, look for fur on furniture and bedding, water bowls, urine stains on the carpet or evident animal odours in and around the home.

However, recent changes to Terri Scheer's landlord insurance policy no longer require a pet to be named on the lease in order for the landlord or property manager to make claims for pet damage.

Modify the property

Making slight modifications to the property can help to lower maintenance for tenants and reduce the chances of pet damage.

Consider allowing pets at the property if it has a large enclosed backyard when the pet can run around. Fencing should be a priority for outdoor pets.

Properties with tiles or floor boards are more suited to indoor pets as they are easier to clean than carpet.

Maintain a good relationship with the tenant

Maintaining a good relationship with the tenant is a must. Open and transparent communication may encourage tenants to uphold their rental and pet agreement.

A tenant with a good relationship with their landlord or property manager may feel more comfortable raising any issues regarding housing pets, allowing it to be addressed sooner rather than later.

Obtain landlord insurance

Damage to a rental property caused by a domestic pet or an animal that is housed at the property is not always covered under landlord insurance policies.

Property managers should check with their landlord's insurer to see if they're covered, before allowing pets at their property.

Terri Scheer's landlord insurance policy includes cover for pet damage, with the limit recently increased to $2,500 per claim.

A good landlord insurance policy will also cover landlords for risks like malicious damage and accidental damage by a tenant, loss of rental income and potential legal liability. Do your research and find a tailored landlord insurance policy that's right for your landlord.

For further information, visit
www.terrischeer.com.au
or call 1800 804 016.

PATHWAY TO PROFESSIONAL

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.

FROM THE AUSTRALIAN TAXATION OFFICE

CHANGES TO THE WAY GST IS PAID FOR PROPERTY SETTLEMENTS

The ATO has changed the way it collects goods and services tax (GST) on some property transactions.

From 1 July 2018, some purchasers of new residential premises or potential residential land will need to withhold an amount from the purchase price and pay it directly to the ATO on account of the GST on the supply. The vendor will receive a credit for this amount when it lodges its business activity statement for the tax period in which the supply occurs.

'GST at settlement was announced in the 2017/18 Federal Budget to improve the integrity of GST by addressing phoenixing behaviour in the property sector', said ATO Assistant Commissioner Kate Roff.

Purchaser's withholding obligation

There is no change to the rate of GST, the change is to the way the ATO collects the GST.

'Purchasers will now pay an amount on account of the GST directly to the ATO instead of paying it to the vendor as part of the purchase price,' said ATO Assistant Commissioner Kate Roff.

If the contract is a standard land contract the purchaser's obligation to pay the amount to the ATO will arise at settlement. If the contract is an instalment contract then the withholding obligation will arise at the time the first instalment is paid.

Vendor's notification obligation

Vendors of **residential premises** or **potential residential land** must notify purchasers whether they:

- **are** required to withhold an amount from the purchase price and pay that amount to the ATO
- **are not** required to withhold (e.g. as the supply is not taxable, or an exclusion applies).

This notification can be in the standard land contract or given as a separate document. Standard land contracts in all States and Territories (excluding NT) have been revised to include the new notification requirements.

If the purchaser does have a withholding obligation, the vendor's notice must include the supplier's name and Australian Business Number, the amount to be paid and when it must be paid to the ATO.

If you are directly involved in preparing sale contracts, you may need to contact your real estate industry body to find out how this change affects sales contracts in your state and obtain the updated version.

Lodgment of two forms with the ATO

If a purchaser has a withholding obligation they must lodge two forms with the ATO (typically these will be submitted by the conveyancer or solicitor):

1. GST property settlement withholding notification form is lodged after the contract has been entered into and before settlement. It specifies the parties to the transaction, the withholding amount and expected settlement date. Upon lodgement of this form a unique lodgement reference number (LRN) and payment reference number (PRN) are issued.
2. GST property settlement date confirmation form is lodged on settlement to confirm the settlement (instalment) date and the LRN and PRN used to make the payment.

The purchaser pays the amount directly to the ATO. This amount will be credited to the suppliers GST property credit account.

You can find information on how to pay at www.ato.gov.au/gstpropertypayment

There are some property transactions excluded from the withholding obligation.

Transitional rules

Contracts entered into before 1 July 2018 are excluded from this measure providing the first amount of consideration (other than a deposit) paid under the contract is provided before 1 July 2020.

Further Information

Your clients can contact the ATO or their registered tax professional if they need help to work out if this measure applies to their transaction and if so how.

You can find out more about GST at Settlement at: www.ato.gov.au/gstatsettlement

FROM THE AUSTRALIAN TAXATION OFFICE

ANNUAL VACANCY FEE RETURN FOR FOREIGN OWNERS OF AUSTRALIAN RESIDENTIAL PROPERTY

As part of the Australian Government's comprehensive housing affordability plan, foreign owners of residential dwellings in Australia are required to lodge an annual vacancy fee return. For dwellings not residentially occupied or genuinely available on the rental market for more than 183 days each year, foreign owners may be liable to pay a vacancy fee.

The vacancy fee return must be lodged by foreign owners of residential dwellings who:

- made a foreign investment application for residential property after 7.30pm AEST on 9 May 2017
- purchased under a New Dwelling Exemption Certificate that a developer applied for after 7:30pm AEST on 9 May 2017.

Returns must be lodged with the Australian Taxation Office (ATO) within 30 days of the end of each vacancy year. The vacancy year is usually the 12 month period from the anniversary of the settlement date for the property.

To lodge, foreign owners will need a copy of their Land and Water Register reference number. If they do not have a registration number, they can obtain one by registering the property details on the ATO's Land and Water Register.

We are hosting two live webinars to provide information about the Annual vacancy fee on 8 August and 5 September 2018. For more information or to register, visit ato.gov.au/webinars.

More information

For more information on the vacancy fee, visit the ATO website at ato.gov.au/vacancyfee or view the pre-recorded webinar on atoTV.

We encourage you to share this information with your clients who may be impacted by the change.

ALL ABOARD!

It was a cold morning and an early start, but that didn't stop over 60 professional women attending Women on Boards, a breakfast event hosted by REINSW president, Leanne Pilkington and REINSW.

Real Estate Institute of New South Wales President Leanne Pilkington

This event represented a platform for professional women in the real estate industry, and beyond, to learn how to step into leadership roles on boards. It was a gathering of experience, skill and tenacity for the shared benefit of all women looking to advance their career.

The future is bright

A panel of leading ladies discussed women on boards, led by Being Bold director, Caroline Bolderston.

The panel consisted of REINSW president Leanne Pilkington, REINSW past president Christine Castle, non-executive director of Steadfast Group and CommInsure Anne O'Driscoll, general manager (sales strategy) of News Corp Rachel Savio and REINSW board member Linda Rudd. Each woman discussed their journey to becoming a board member and the value it has brought them professionally and personally.

"I understood I could do it, but it was a question of whether I wanted to do it," says O'Driscoll. "I reflected about where I wanted to be professionally and decided I would give it a go.

"Now I'm on the board of five different companies and I think about how I can make a difference in each of those companies every day. If you want to build a board career, you must look at what you can bring. And your commercial, property and marketing experience is invaluable."

Savio's journey was similarly proactive.

"Like Anne (O'Driscoll), I decided in the next ten years I'd like to be sitting on boards as a non-executive director. I realised if that's what I wanted to do, I needed to be proactive and get some experience.

"I joined Women on Boards and started attending industry events. I've only been in my position for 18 months, but it's very fulfilling. I'm getting my board experience and learning a lot through the diversity of the members. I can't overestimate the importance of networking and opening the door to new opportunities."

Giving back

For Rudd, the motivation was giving back.

"I've been in the real estate industry for over 15 years," she said. "It has supported and fostered my career and development, and I wanted to give back.

» *article continues*

"If you work in the industry, you must consider contributing back because when you're part of the narrative, you can guide how your industry operates."

When asked why there aren't more women on boards, Pilkington said: "If I'm anything to go by, it doesn't occur to them that it's something they could, and potentially should, do.

"I never wanted to stand out because I was always part of a male-dominated workplace and industry. I didn't want to separate myself. But you can't complain about a problem if you're not willing to be part of the solution. So instead of asking yourself 'Why?' you should be asking 'Why not?'

"Certainly, when I was watching the president as the deputy president, knowing I was next in line, there were times when I thought "I can't do that'. But it turns out I can."

Finding the time

When asked about the personal commitment required to sit on a board, Rudd said it does take dedication.

"Contributing the time is an essential element of being on a board. It does take time, focus and attention. Before you commit, you have to make sure you can make the allowance of time."

Savio agreed. "Like many women here, I'm juggling a career, a family and striving for a board career. It's challenging, so you have to decide to pursue a board career and what that future looks like for you."

For women who think they're not ready for a board position, the panel suggested other ways to gain experience and confidence.

"Committees, especially REINSW committees, are a great stepping stone," said O'Driscoll.

Castle agreed. "I made my way onto the board through REINSW chapter committees. I was the chairman of the Real Estate Sales Chapter Committee. It was a very good learning curve and allowed me to learn the ways of the REINSW, which is so important. You must get to know your own industry. That's what gave me the confidence to go for the board position."

Aspiring for more

But why should women aspire to be on boards?

"It's all about bringing different skills to the table," says Savio. "You can't underestimate the value you can offer through the expertise you've developed in your career."

Castle continued: "A lot of you would ask 'Why me? What do I have to offer?'. But ladies, you have a lot to offer. If someone else highlights your attributes, that should be good enough to inspire you to strive for more.

"You've got to rise up, get out there and own it. You've got to do it yourself, but the rewards are fantastic."

And when you have those moments of self-doubt, Rudd reminded the audience that they all have experience, insight, a point of view and an opinion. "And that's always valuable."

Pilkington added: "You will probably spend your first couple of board meetings not saying much, but you get over that very quickly. This is all about giving women the confidence to take the next step – whatever that is for them."

Source: The Real Estate Institute of New South Wales

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ASIC APPROVES THE BANKING CODE OF PRACTICE

ASIC has approved the Australian Banking Association's (ABA's) new Banking Code of Practice (the Code).

ASIC's approval of the Code follows extensive engagement with the ABA, following a comprehensive independent review and extensive stakeholder consultation. The ABA made additional significant changes to the Code in order to satisfy ASIC that it met its criteria for approval.

This is the first comprehensive broad-based industry code ASIC has approved under its relevant powers.

The Code will commence operation from 1 July 2019.

Significant new protections for small businesses

The new Code provides for improved protections for small business borrowers and expands the reach and impact of legal protections against unfair contract terms. For small businesses who borrow up to $3 million, the Code provides that lending contracts should not contain a range of potentially unfair and one-sided terms. Unfair contract terms protections in the law apply to businesses who borrow up to $1 million.

At its current setting of applying to small businesses who borrow up to $3 million, the Code will cover the considerable majority – between 92-97% – of businesses in Australia.

To ensure the settings in the Code provide a high level of coverage of the small business sector, ASIC's approval is conditional on an independent review of the definition of small business within 18 months of the Code's commencement. This targeted review will test the adequacy and application of the Code's small business coverage in practice, and will occur well before the Code's comprehensive review, due three years after its commencement.

At the same time, ASIC will collect quarterly data from banks and the Australian Financial Complaints Authority to monitor the extent of the Code's coverage of small business. ASIC will ensure that this data is made public every six months. This will provide the public with ongoing transparency about the coverage of the Code.

Expanded protections for consumers

The Code has built on and enhanced the existing protections for consumers in the 2013 Code.

The new Code includes:

- provisions for inclusive and accessible banking, including for vulnerable customers, customers on low incomes and Indigenous customers;
- protections relating to the sale of consumer credit insurance (CCI) including a deferred sales period of four days for CCI for credit cards and personal loans sold in branches and over the phone;
- protections for guarantors of loans, for instance, giving prospective guarantors generally three days to consider information about a guarantee and requiring banks to only enforce a guarantee once they have taken action against the borrower;
- rules requiring credit card customers to receive reminders

» *article continues*

about balance transfer promotional periods ending, as well as more consistent treatment about how repayments are applied; and

- enhanced processes for assisting customers in financial difficulty and processes for resolving complaints.

Monitoring and enforceability

All ABA member banks will be required to subscribe to the Code as a condition of their ABA membership and the relevant protections in the Code will form part of the banks' contractual relationships with their banking customers.

The Code will be administered and enforced by an independent monitoring body, the Banking Code Compliance Committee (BCCC). Any person will be able to report a breach of the Code to the BCCC, and consumers and small businesses with disputes about the Code protections will be able to have those disputes heard by the new Australian Financial Complaints Authority.

ASIC notes the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry may make findings relevant to the Code. ASIC may review its approval of the Code in light of the Royal Commission findings.

Background

ASIC has provided guidance on its approach to approving codes, including how to obtain and retain approval in Regulatory Guide 183 Approval of financial services sector codes of conduct (RG 183).

In approving the Code, ASIC considered that:

- the rules in the Code are binding on the ABA's members and form part of the contracts between banks and their customers;
- the Code was developed and reviewed in a transparent way, which involved significant consultation with relevant stakeholders including consumer and small business groups; and
- the Code is supported by effective administration and compliance mechanisms. The BCCC will have oversight on banks' Code compliance, tools to require banks' cooperation with their monitoring and investigations, and a range of sanctions for non-compliance with Code provisions.

ARE YOU COMMITTING COPYRIGHT INFRINGEMENT WHEN PLAYING MUSIC?

Music rights management organisation APRA AMCOS **are about to launch a campaign to the real estate sector for copyright music use.**

The campaign will assess whether Australian real estate agents are using copyright music and ensure licences are in place.

Real Estate offices are no different from other workplaces where employees listen to music at their work space for pleasure. Music is also often a feature of staff social events, is almost always used in telephone on hold and in reception areas, even if a radio is being played.

Many Australian real estate agents are already correctly licensed for their music use and this campaign aims to clear up the minority who are not.

Licences for APRA AMCOS Music in the Workplace start at 97 cents per employee per year and can be tailored to cover playing music off-site at open homes, in your reception spaces year-round and on your website. For more information APRA AMCOS.

Note: It is important agents are aware that the popular practice of using copyright music as a backing track in a property video is not covered by APRA AMCOS and is subject to clearances direct with the music publisher themselves. APRA AMCOS can provide real estate agents with publisher contact details to avoid infringement for this type of marketing.


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.
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Photo: *The Vietnam National Convention Center* by Vu Long.

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MAKING NEWS
General national news

The R U OK? Conversation Convoy is on the road again

REINSW's community partner, R U OK?, is travelling 14,000 kilometres and visiting 25 communities across Australia to inspire Aussies to connect with their community.

Departing Geelong on 30 July 2018, the R U OK? Conversation Convoy will cross into NSW at Lismore on 3 September 2018.

From there, the convoy will travel to Grafton, Inverell, Newcastle, Young, Griffith and Canberra, arriving in Sydney on R U OK? Day on 13 September 2018. The final event in Sydney at Barangaroo Reserve will feature performances from Casey Donovan and Travis Collins, and visits from actor Jack Thompson and actor and comedian Celeste Barber.

R U OK? and REINSW

At the commencement of her presidency, Leanne Pilkington chose R U OK? as the 2018 community partner for REINSW.

"Mental health is a huge issue, and depression and anxiety are becoming more prevalent in the real estate industry," she says.

"Real estate agents deal with people at their most stressed and people are not always buying and selling houses for happy reasons. If you're going through a difficult time yourself, it can be a very challenging profession."

This year, REINSW's fundraising goal is $50,000. Funds raised at the Novice Auctioneers Competition contributed $25,000 towards the target.

The 2018 Women in Real Estate Conference and REINSW Awards for Excellence also proudly support R U OK?.

How can you get involved?

The R U OK? Conversation Convoy aims to inspire you to invest time in the people around you and give you the skills, motivation and confidence to start a conversation with someone you're worried about.

R U OK? understands that asking "R U OK?" can be daunting and that you may not know how to respond if some says they're struggling. But you don't have to be a counsellor to show you care.

Come along to a Conversation Convoy event in your area to learn how to ask, "R U OK?" and connect with your community on an issue that affects our industry.

Source: The Real Estate Institute of New South Wales

MAKING NEWS

General national news

Ray Ellis

NETWORK CHIEF EXECUTIVE,
FIRST NATIONAL REAL ESTATE

Real Estate Agents Support Ronald McDonald House

First National Real Estate has confirmed its sponsorship of Ronald McDonald House Charities' 2018 Ride for Sick Kids in Northern New South Wales and South Australia as part of its overall national community support programme.

The ride fundraises in support of Ronald McDonald Houses in Newcastle, Tamworth and Adelaide, Family Rooms in the John Hunter Children's Hospital and Gosford Hospitals, plus the charity's Forster Family Retreat and Ronald McDonald Learning Program.

'First National Real Estate is proud to have contributed more than $300,000 to the Ride for Sick Kids nationally over the past four years, and we're delighted to continue this support' said network chief executive, Ray Ellis

'Our NSW and SA members are rallying behind the 2018 ride and looking forward to building upon community awareness of this vital programme that supports kids and their families during the most difficult of health challenges'.

The NSW ride starts in Grafton on Tuesday 11 September before traveling to Coffs Harbour, then Foster/Tuncurry and Nelson Bay before finishing in Newcastle on Saturday 15 September. In SA, the ride starts in Port Lincoln on 18 November before traveling over 1,000 kilometres to Adelaide where it finishes on the 24th.

Ronald McDonald House provides accommodation and support services to seriously ill children and their families nationally. Its services lift the burden of accommodation costs from families when they most need to provide their children with love and support.

'When children are seriously ill and need medical care a long way from home, regional families can struggle with access to long-term accommodation and its costs' said Mr Ellis.

'By sponsoring the Ride for Sick Kids and helping raise awareness of the excellent work done by Ronald McDonald House, we're helping secure this important accommodation resource'.

THE REAL ESTATE INDUSTRY IN VICTORIA RESPONDS TO VICTORIAN GOVERNMENT RENTAL REFORMS

The so-called 'Rent Fair' legislation, which was introduced into the Victorian Parliament recently, has the potential to deplete Victoria's rental housing stock, which is worth $519.2 billion, as landlords pull their supply from the market.

The Victorian Government's attacks on property owners are unfathomable: these are usually mum and dad investors or young people trying to get ahead, not property mogul 'fat cats'. Figures from the Australian Taxation Office (ATO) show that one quarter of 25-39 year olds own an investment property and most rental property owners are on incomes below $150,000.

REIV Resident Richard Simpson said the proposed Residential Tenancies Act would swing the pendulum of rights overwhelmingly over to renters.

"The Victorian Government should remember who actually owns Victoria's $519.2 billion in rental housing stock and line the State's coffers with a plethora of property taxes," Mr Simpson said.

"Despite the community's protestations since these changes were mooted, the Victorian Government is this week threatening to strip landlords of the right to have a say over what goes on in their own properties: how is that fair?

"The vacancy rate for Victoria's rental market is already sitting at its lowest point in a decade at 1.8 per cent which means there are just 1.8 houses available for rent out of every 100 and now the Victorian Government's actions will further deplete that pool with landlords simply pulling out because it is becoming all too hard and too much of a risk."

The REIV has advocated strongly against the 'Rent Fair' legislation, on behalf of its 5000 members and their landlord clients. The online 'Rent Fair is Unfair' petition has more than 20,000 signatures.

"The idea that landlords cannot have a say if pets are permitted to live in their houses or if modifications are allowed is completely unreasonable considering the possible negative impact on landlords' properties.

"REIV also objects to capping bonds to four week's rental, the withdrawal of the 120 day 'no reason' notice to vacate and burdening landlords with the expense and responsibility of disposing of abandoned goods and furniture.

"There is no doubt that Rent Fair in its current form will result in greater screening of applicants and increased rents. Numerous members have already told us they will remove their investment property from the private rental market if these reforms are passed."

REIV will continue discussions with Victorian Members of Parliament to make sure these draconian changes do not become law and cripple Victoria's rental housing market.

» *article continues*

THE REAL ESTATE INDUSTRY IN VICTORIA RESPONDS TO VICTORIAN GOVERNMENT RENTAL REFORMS

» *continued*

First National Real Estate's chief executive, Ray Ellis says that rental reforms announced by the Andrews Government stand to hurt tenants more than they will help them, and will ultimately drive up rental prices.

"Far from protecting vulnerable tenants, the Andrews Government's proposed reforms will prompt an increasing number of landlords to exit the market, further reducing the number of properties available for rent" said Mr Ellis.

"This will make other states more attractive to investors and exacerbate Victoria's already significant shortage of affordable rental housing stock, driving up prices in the process."

Victoria's population is booming and, according to the Urban Development Institute of Australia, the state has developed a shortfall of 9,000 properties over the past two years. If the trend continues, there will be an undersupply of houses exceeding 50,000 by 2020.

"With a drop in the number of rental properties and a vacancy rate already below two per cent, where does the Andrews Government expect to re-house those who can't afford to rent through the private sector?" said Mr Ellis.

INDUSTRY UPDATE

Industry news from around Australia

REI Awards For Excellence 2018

Timelines for the REI Awards for Excellence have been announced. Details are outlined below and only members of the state or territory REIs are eligible to enter:

REINSW

Online submissions have now closed with finalists announced on 16 July 2018.

Winners will be announced at REINSW Awards for Excellence Gala Dinner to be held at the Sydney Town Hall on 27 September 2018.

REISA

Online submissions have now closed.

https://www.reisa.com.au/eventsinfo/reisa-awards-for-excellence-in-real-estate-2018

Finalists will be announced 20 September 2018.

REISA Awards for Excellence Dinner to be held on 20 October 2018.

REIV

Online submissions have now closed.

https://reiv.com.au/learning/networking-events/awards-for-excellence

Finalists will be announced on 20 September 2018.

REIV Awards for Excellence Dinner to be held on 25 October 2018.

REIT

- Online submissions open now and close on the 5th of October.
- REIT Awards for Excellence will be held on 27 October 2018, Launceston Country Club Casino.

REINT

- Online submissions have been open since June and close at midnight on 9 September 2018.
- Details will be posted to: reint.com.au. Those wishing to enter the awards can go to: https://reint.awardsplatform.com
- This year marks the 20th Anniversary of the REINT Awards. REINT Awards for Excellence Gala Dinner to be held at the Skycity Beachside Pavilion on Saturday 27 October from 6.30pm.

REIWA

- Online submissions are closed.
- REIWA Awards for Excellence will be held on 24 October 2018.

REIACT

Online submissions have now closed. Winners will be announced at the REIACT Awards for Excellence Gala Dinner to be held at the QT Hotel Canberra on Saturday, 15 September 2018.

https://reiact.com.au/wp-content/uploads/2018/07/REIACT-2018-Invitation.pdf

New reiwa.com app makes it easier to find property in WA

reiwa.com has launched a new app which makes searching for property in WA easier.

REIWA CEO Neville Pozzi said the reiwa.com app provides West Australians with a convenient way to find their dream home, investment property or rental accommodation.

"The WA public can take their property search on the go, using an array of intuitive features that make searching for property quick and easy," Mr Pozzi said.

"reiwa.com already helps tens of thousands of West Aussies find property every day. This new app makes the search process even simpler, with over 30,000 listings now available in the palm of your hand.

In addition to the property search function, the reiwa.com app also allows users to:

- save their favourite listings and property searches in the one convenient place
- draw on a map or use their current location to search listed properties in an area, as well as view nearby schools, transport and shops
- save inspection times to their phone calendar
- upload and save images taken at inspections and home opens to the app
- find and compare local REIWA agents.

"Our interactive mapping and location-based technology means no matter where you are, you can view properties for sale or for rent in your area. Plus, use the

» *article continues*

INDUSTRY UPDATE

Industry news from around Australia

» *continued*

app's agent finder tool to find the right real estate professional for you," Mr Pozzi said.

"Property is an important part of all of our lives. The reiwa.com app ensures West Australians have everything they need to find their next property right at their fingertips."

Find out more about the new reiwa.com app.

Source: The Real Estate Institute of Western Australia

Major industry bodies urge Opposition to support strata reforms

Seven of the leading industry bodies representing the property development and property management industries in Western Australia have joined forces to call on Opposition leader Mike Nahan along with the Nationals and Greens, to support the swift passage of the most significant strata reform legislation in 30 years through state parliament.

The importance of the proposed strata reforms in achieving better housing outcomes such as affordability, diversity and sustainability have been outlined in a united submission by the following industry bodies:

- The Urban Development Institute of Australia (UDIA WA)
- Strata Community Association (SCA WA)
- Property Council WA
- Real Estate Institute of WA (REIWA)
- Australian Property Institute (API)
- Planning Institute of Australia (PIA)
- Facilities Management Association of Australia (FMA)

"The Strata Titles Amendment Bill and the Community Titles Bill provide a key opportunity to reform WA's outdated strata legislation and ensure that we can improve strata living arrangements through better regulation of strata managers, improved dispute resolution processes and easier delivery of upgrades and retrofitting of infrastructure, such as installing solar panels on common property," SCA WA President, Scott Bellerby said.

"The proposed legislation is particularly exciting for future residential and commercial projects, as the introduction of Community Title in WA will be a game changer for the way we are able to deliver master-planned communities and mixed use developments in WA," UDIA WA CEO Allison Hailes said.

Underpinning Community Title is the flexibility to have principal management companies and subsidiary management companies in a hierarchical arrangement within a single development, making the delivery of mixed use developments a more simple and cost effective process.

"Perth is evolving, and with the further densification of our city, the rise of more mixed use developments and changing buyer expectations, it is imperative that our strata legislation keeps up with the times and supports this evolution," PIA President Ray Haeren said.

"The updates will provide the ability for management of residential facilities to achieve improved outcomes for those living in higher density developments. The Association supports greater transparency in management arrangements in strata buildings," said FMA CEO Nicholas Burt.

"These reforms were initiated by the former Liberal government and have involved extensive consultation across a range of stakeholders and the community by lead agency Landgate," said Emma Thunder, Deputy Executive Director of the Property Council.

"It is significant that all seven leading industry bodies have come together on this issue to support what will be fantastic for our community moving forward. We are hopeful that all MPs will support the legislation to ensure that WA is on par with other states in Australia," said REIWA CEO Neville Pozzi.

API's CEO Amelia Hodge fully supports ongoing collaboration between government and industry to deliver benefits to both community and property industry and stated "providing clarification and removing uncertainty through revised definitions and updated processes enhances practical and sensible outcomes. Existing issues ideally should not be inherited into new schemes."

View more information about REIWA's stance on strata title reforms.

Source: The Real Estate Institute of Western Australia

» *article continues*

INDUSTRY UPDATE

Industry news from around Australia

» *continued*

Victorian rental vacancy rates

The REIV's latest data shows that Victoria's rental vacancy rate has dropped to its lowest level since we began collecting the data in October 2002, at 1.8 per cent.

As at 31 July 2018, the vacancy rate for Inner Melbourne was sitting at 1.8 per cent, Middle Melbourne's was 2.5 per cent while Outer Melbourne was at 1.6 per cent contributing to a Metropolitan Melbourne median vacancy rate of 1.9 per cent: the lowest in a decade. The rental vacancy rate for Metropolitan Melbourne was 1.7 per cent in June/July 2008.

Rental vacancy rates have continually declined in Regional Victoria since 2002 and are now at an all-time low of 1.5 per cent (compared with 2.3 per cent in July 2017). Victoria's major regional centres of Geelong, Bendigo and Ballarat all recorded declines in their vacancy rates in the past 12 months.

While the availability of rental stock has declined, the cost of renting a home has risen in most areas. The median rent on a house in Metropolitan Melbourne was $450 in July 2018, compared with $425 in July 2017. In Regional Victoria, the median home rental increased from $310 to $330 per week.

The most expensive place to rent a house in and around Victoria's capital is, not surprisingly, the blue-chip suburb of Toorak at $1500 per week followed by Canterbury at $1060 per week and Armadale where the median weekly rent would set you back $1000 per week. On the other end of scale, the weekly median rent in Melton West is $325 a week, Melton South $328 a week and in the working class suburb of Doveton the median weekly rent is $330.

In Regional Victoria, you'll pay top rent in Torquay ($495), Gisborne ($440) and Ocean Grove ($440). More affordable weekly rents can be found in Stawell ($220), Moe ($250) and Maffra ($258).

The REIV is grateful to our members for providing us with their rental data which enables us to produce these vacancy rate calculations and provide an accurate representation of the rental market all over Victoria.

This data is exclusively available through the REIV and are provided to our members before being published in the latest Monthly Research Bulletin, and made available on our website.

Source: The Real Estate Institute of Victoria

POLITICAL WATCH

Information and news from government

Collaboration Hub presents recommendations for housing choices

Following three months of in-depth work by participants, ACT Minister for Planning and Land Management Mick Gentleman MLA recently received the recommendations from the Housing Choices Collaboration Hub about different ways of meeting Canberra's housing needs.

"Over five sessions, members of our community were directly involved in the Collaboration Hub. Through their participation in a deliberative democracy process, they shared their views to examine our growing city and consider housing choices in particular," Minister Gentleman said.

Participants shared their thoughts and viewpoints on topics about planning, housing and development in the ACT. The Collaboration Hub sessions included a range of experts from across industry and government to support discussions and deliberations on ideas, challenges and opportunities.

"This has been a new and bespoke engagement process that provided a genuine opportunity for a wide cross section of the community to bring their own perspectives and ideas to the table," Minister Gentleman said.

"The topics of discussion have included housing types, housing affordability and land use zoning. It was great to see the energy and commitment from the participants. Their input will now influence the options the government takes forward for future planning and development," Minister Gentleman said.

In March invitations to participate in the Collaboration Hub were sent to approximately 15,000 randomly selected households. Of those that responded, 38 were selected independent of government by new Democracy Foundation to form a broad and representative cross-section of Canberrans.

"There is no one right answer to the question of how we meet our future housing needs," Minister Gentleman said.

"This has been a genuine opportunity for the citizens of Canberra to influence future housing choices and planning and development in our city. The Hub has presented me with a report of their recommendations. Government will now consider the Collaboration Hub's recommendations and present a formal response in the coming months."

Source: Mick Gentleman, MLA
ACT Government

Helping more Tasmanians buy their own home

The Hodgman Liberal Government wants to see more Tasmanians owning their own home.

Tasmania already has the highest level of home-ownership in the country, but we need to do everything we can to make the great Aussie dream a reality for even more Tasmanians.

The best thing we can do to help more Tasmanians own their own home is build a strong economy to generate jobs and provide more opportunities for Tasmanians.

Our long-term plan is working and first home buyers in Tasmania have soared by nearly seven per cent over the past 12 months.

At the same time, Tasmania continues to lead the nation in housing finance commitments as Tasmanians take advantage of our strong policies and build or buy their first home.

The number of housing finance commitments in Tasmania grew 0.1% in June 2018 in trend terms, and is up by 0.8% compared to this time last year.

This is the seventh month in a row that Tasmania's housing finance commitments have grown and bucks the national trend, with Tasmania the only jurisdiction that saw positive growth across the year.

It's more confirmation that our policies are working to improve the lives of Tasmanians by allowing them to enter the housing market and build or buy their own home.

But we know there's more to be done, which is why we have:

- extended the $20,000 First Home Owners Grant,

» *article continues*

POLITICAL WATCH

Information and news from government

» *continued*

- Implemented a 50 per cent stamp duty concession for first home buyers who purchase existing homes up to $400,000 and a land tax exemption for up to three years for all new-build housing that is leased for long term rental; and
- Implemented a stamp duty concession for eligible pensioners downsizing

Source: Peter Gutwein, Treasurer, Tasmanian Government

Dwelling approvals rise in June

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

"The rise was driven by private dwellings excluding houses, which increased by 1.1 per cent in June." said Justin Lokhorst, Director of Construction Statistics at the ABS. "This was offset by a 0.6 per cent fall in private sector houses."

Among the states and territories, dwelling approvals rose in June in the Australian Capital Territory (5.8 per cent), South Australia (5.6 per cent), Northern Territory (4.8 per cent), Tasmania (2.2 per cent), Western Australia (1.7 per cent) and New South Wales (0.2 per cent) in trend terms.

Dwelling approvals fell in trend terms in Queensland (1.6 per cent) and Victoria (1.2 per cent).

In trend terms, approvals for private sector houses fell 0.6 per cent in June. Private sector house approvals fell in Western Australia (1.4 per cent), Victoria (0.9 per cent) and New South Wales (0.8 per cent), but rose in South Australia (0.4 per cent). Private house approvals were flat in Queensland.

In seasonally adjusted terms, total dwellings rose by 6.4 per cent in June, driven by a 7.2 per cent increase in private dwellings excluding houses. Private houses rose 5.0 per cent in seasonally adjusted terms.

The value of total building approved fell 0.8 per cent in June, in trend terms, and has fallen for seven months. The value of residential building rose 0.3 per cent, while non-residential building fell 2.9 per cent.

Source: The Australian Bureau of Statistics

Industry feedback and lobbying drives digital revolution

In response to overwhelming support for paperless property processes, the NSW Government has committed to a detailed timetable to transition to paperless conveyancing ('eConveyancing').

By July 2019, all land registry instruments will be lodged electronically and electronic Certificates of Title will replace paper Certificates of Title.

This further builds on laws passed last year that allowed the NSW Government to digitise other paper processes. It also follows calls from industry professionals and representatives, including REINSW, to update the legislation to suit the modern digital landscape.

Call for clarification before action

eConveyancing deals with the end-phase of a property transaction. It does not cover the negotiation, vendor disclosure and contract phase, which is still heavily paper-based.

The Electronic Transactions Act 2000 allows signing and writing requirements to be satisfied electronically, but there is reluctance to adopt digital signing technology in the conveyancing industry. This is because of:

- Uncertainty about the way land contracts can be formed
- How vendor disclosure should be made
- Common law requirements for deeds to be executed on paper, parchment or vellum
- The requirement for deeds to be witnessed

In a discussion paper released in December 2017 respondents supported clarification of electronic signing requirements for contracts, instruments and deeds in relation to land. However, it was suggested reforms should not prescribe the form of signature, and technologically-neutral language should be used to maintain flexibility.

» *article continues*

POLITICAL WATCH

Information and news from government

» *continued*

There was also divided opinion about the need for deeds to be witnessed, with some submissions seeking to retain witnessing requirements to prevent fraud.

REINSW has lobbied in favour of digitising real estate processes for the benefit of the industry, its professionals and consumers. Despite concerns raise by some interested parties, REINSW is in support of removing witnessing requirements, especially in relation to residential tenancy agreements.

What will change?

The proposals determined from the respondents seek to remove perceived barriers to fully digital land transactions. This will be achieved by:

- Clarifying that parties can enter into land contracts electronically (although this is not mandatory)
- Amending the Conveyancing Act to allow notices to be served electronically
- Updating all requirements relating to font sizes and other paper-specific matters to make them applicable to electronic contracts
- Clarifying that all deeds can be signed and witnessed electronically
- Amending the Real Property Act to remove barriers preventing land transaction documents being prepared in electronic format

When passed, these changes will significantly streamline property transactions. If successful, the NSW digital property reforms could set an example for other states.

Source: The Real Estate Institute of New South Wales

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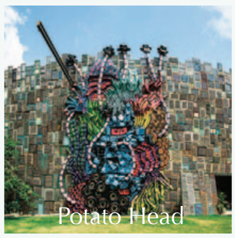

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THE WORLD

Property news from around the world

Analysis identifies which countries could see more real estate investment

Canada and Germany have been identified as the world's most underweight real estate investment markets and are set to attract billions of dollars of per year.

A new analysis, part of Knight Frank's Active Capital report, has been conducted using a bespoke 'gravity' model, based on the models used to forecast international trade and says these two nations could see $4.5 billion and £3.1 billion of property capital per year respectively.

Canada had £2.6 billion of foreign real estate investment in 2017 and can expect to see a further £4.5 billion. Germany could see £3.1 billion of investment per year, Switzerland and Sweden, both $1.8 billion, France £1.6 billion and Belgium £1.1 billion.

The study also suggest that both Malaysia and Indonesia could see annual real estate investment of $1 billion, Austria some $0.9 billion, down from $3.8 billion in 2017 and Mexico some $0.8 billion, up from $0.1 billion last year.

For the first time, Knight Frank has created a model encompassing over 40 variables which impact on inbound real estate investment, including GDP per capita, relative strength of currency and location of the destination country.

Crucially, the model also considers a range of social and cultural factors that impact upon the flow of capital from one country to another, such as shared language, existing trade agreements, and shared common religious worship.

The analysis shows that six countries in Europe are attracting less inbound real estate investment than expected. Germany, which Knight Frank calculates could support an additional $3.1 billion per year, is the most underweight European market, followed by Switzerland, Sweden, France and Belgium.

Annual investment into Austria is also significantly below the level forecast by Knight Frank's gravity model while outside Europe, Knight Frank identifies current inbound real estate capital into emerging markets Indonesia and Malaysia as $1 billion per annum below the potential level.

'For the first time we have applied the type of spatial interaction model used to forecast global trade to estimate the level of real estate investment that global markets could support,' said William Matthews, head of commercial research at Knight Frank

'By looking at the market and economic fundamentals, and by unpicking the socio-economic factors which impact on the flow of capital between individual countries, we have found that Canada and some of Europe's most advanced real estate markets, including Germany and France, could support more inbound investment,' he explained.

'While competition provided by domestic investors in each market is one factor that can crowd out inbound investment, our feeling is that this sort of barrier will become less important over time, as appetite for cross border transactions increases,' he added.

According to Ole Sauer, head of capital markets for Berlin at Knight Frank, the potential inbound capital will have a hugely positive effect on domestic German investors and the overall positive sentiment surrounding the nation's healthy real estate market.

'This confidence is already leading to a surge in new Grade A office developments, an area where Germany is definitely behind international competing markets who have a far greater number of state of the art office complexes,' he added.

Source: PropertyWire.com

» *article continues*

THE WORLD

Property news from around the world

» *continued*

Top end property markets in key global cities see price growth slowing, down to 2.6%

Prime property price growth in key cities around the world is falling, up just 2.6% in the 12 months to June 2018, the weakest annual rise since the first quarter of 2012, the latest index shows.

Overall, the number of cities registering double digit annual price growth fell from seven to just three, quarter on quarter, according to the date from the prime global cities index from international real estate firm Knight Frank.

Guangzhou in China recorded the biggest annual price rise of 11.9% but this was down 16.1% from the first quarter of the year. Next was Singapore, up 11.5%, followed by Madrid up 10.3%, San Francisco up 9.5% and Tokyo and Edinburgh, both up 9.4%.

At the other end of the index, which tracks 43 cities, prices fell by 8.4% year on year in Stockholm, were down by 4.7% in Vancouver, down by 3.8% in Rome, down by 2.7% in Taipei, and down by 2% in Istanbul.

Prices were unchanged in Dublin, up by just 0.1% in New York, by 0.3% in Vienna, by 0.3% in Kuala Lumpur, by 0.5% in Milan, by 0.6% in Mumbai, by 1% in Monaco and by 1.5% in Jakarta.

According to the index analysis prices in Singapore have rebounded strongly but recent stamp duty changes may have an impact going forward and Cape Town and Dublin are seeing prime price growth soften but for very different reasons.

The rate of annual growth in Cape Town has halved in the last six months from 19.9% to 8.2%. The index report says that the citywide drought and the uncertainty over the process of land expropriation without compensation has weakened sales activity. However, six weeks of solid rainfall and new land guidance from the Government has mitigated this concern and sales volumes are strengthening again.

By contrast in Dublin where price growth has stalled, it is tighter lending rules, rising luxury supply and a reduction in sterling denominated buyers which is leading to more moderate price appreciation.

Kate Everett-Allen, partner for international residential research at Knight Frank, explained that the decline in the overall index's performance is not due to a rising number of cities registering an annual decline. Instead, the weaker growth is due to the top performing cities rising more slowly.

The gap between the strongest and weakest performing city has shrunk from 33 to 20 percentage points in the last quarter. 'The introduction of new, and the strengthening of existing, property market regulations, along with the rising cost of finance and a degree of political uncertainty is resulting in more moderate price growth at the luxury end of the world's top residential markets,' she said.

She pointed out that Singapore has accelerated up the annual rankings to second place and this may be because high land bids by developers has translated into higher new build values. In an attempt to curb price inflation, the authorities announced further increases to the Additional Buyer Stamp Duty in July and this includes higher rates for foreign buyers at 20% and for developers at 30% as well as tighter lending rules.

Hong Kong has also introduced a new cooling measure, a new vacancy tax. Under the new rules, developers will incur a penalty, 200% of the annual rental value, if new apartments are left unsold and empty for six months or more.

In the United States it is San Francisco with annual growth of 9.5% and Los Angeles at 7.8% leading the national increases. Everett-Allen said that the US economy is firing on all cylinders and housing demand has been boosted by a buoyant labour market.

Source: PropertyWire.com

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