REIANEWS

ISSUE 87: MARCH - APRIL 2019

IN THIS ISSUE

Mr Adrian Kelly
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the March/April edition of REIA News.

This month's REIA News is a bumper issue featuring the 2019 REIA Awards for Excellence, the 2019 Federal Budget and the upcoming Federal election and REIA's campaign.

REIA's Annual Awards recognise the best performers across a wide spectrum of categories including residential, commercial, rural, sales, property management, buyers agent, marketing and innovation.

These Annual Awards are an industry highlight. They acknowledge the hard work and effort by individuals in achieving the best results for their clients and encourage, promote and showcase excellence and best practice in the real estate profession. It is the ultimate accolade to be a national winner.

Each year new standards in agency practice are established by the entrants and replicated by progressive professionals throughout Australia. I am encouraged by the increasing number of professionals that strive to be recognised as the best in Australia.

To the Award sponsors our sincerest thanks. Without their support a night of such significance could not occur. I would also like to thank all the judges for so willingly contributing their time and expertise in judging the contestants' submissions.

Whilst there are no specific measures for housing in the 2019 Federal Budget, the impact on housing demand is mildly positive. Regional economies will benefit from the increased infrastructure spending and slight increases in disposable income through the tax cuts will provide for relief on household budgets and mortgage commitments.

The Budget was a precursor to the Federal Election which we expect to be called within days. Housing and its taxation for investors will be one of the matters that will be part of the public debate and probably one of the issues that will decide the outcome. The article in this edition outlines the issue and REIA's campaign.

Mr Adrian Kelly
REIA PRESIDENT

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WINNERS OF THE REIA NATIONAL AWARDS FOR EXCELLENCE 2019 ANNOUNCED

The Real Estate Institute of Australia (REIA) announced the winners of the 14th National Awards for Excellence at a gala dinner held at Crown Perth on 21 March 2019.

REIA President Adrian Kelly said the awards acknowledge and recognise the best of the best in Australian real estate.

“More than 250 real estate professionals from across Australia converged on Perth on 21 March 2019 indicating just how strong our industry is,” Mr Kelly said.

“Winners were recognised from most of the states and territories highlighting it is not just the larger states and metropolitan cities taking home the awards but there where outstanding achievers from everywhere.”

In particular the Australian Capital Territory saw outstanding results with winners in four categories, including Colliers International (ACT) which took out Commercial Agency of the Year, Rupert Cullen of Colliers International (ACT) taking home Commercial Property Manager of the Year. The Independent Property Group Tuggeranong won the Innovation award and Peter Blackshaw Real Estate won the Community Service award.

South Australia’s Toop&Toop Real Estate was recognised as Large Residential Agency of the Year, for the third year in a row, entitling them to be inducted into the REIA Hall of Fame in 2020 for this category. Toop&Toop Real Estate were the recipients of the inaugural REIA Hall of Fame Certificate of Merit after successfully taking out the Innovation category in 2016, 2017 and 2018. Toop&Toop Real Estate has already been inducted into the REIA Hall of Fame for Innovation in 2009. It was an outstanding night for the agency as Kirk Fernandez also of Toop&Toop Real Estate won the Achievement Award.

Nikki Katz of Benchmark Business Sales & Valuations in South Australia won Business Broker of the Year and Tara Stokes of Harris Real Estate in South Australia took home Corporate Support Person of the Year.

Tasmania’s Tameka Smith of Key2 Property won Residential Property Manager of the Year and Medium Residential Agency of the Year went to Harcourts Huon Valley Tasmania.

Peter Clements of Mint Real Estate Claremont has taken back to back Residential Salesperson of the Year and Rentwest Solutions in Western Australia won the Communications Award.

Brett Diston of Ray White Commercial in Victoria won Commercial Salesperson of the Year with Network Pacific Real Estate in Victoria winning Small Residential Agency of the Year.

Rich Harvey of Propertybuyer in New South Wales won Buyer’s Agent of the Year.

Mr Kelly presented the prestigious President’s Award for 2019 to John Cunningham of Cunninghams Real Estate in New South Wales, recognising significant contribution made by an individual to the real estate profession.

“In the last 12 months alone, John has done more for our industry than most agents will ever do in their entire career,” Mr Kelly said.

“John has been a driving force behind the Pathway to Professionalism program and has fought for education and training reforms in his home state of New South Wales. He is the best of the best and a well deserving winner.

“Thanks are also extended to REIA’s 2019 national award sponsors: Terri Scheer, Printforce, RECON, CoreLogic, PEXA, Rockend, AON and VaultRE their continued support for the real estate industry is appreciated,” Mr Kelly concluded.

REIA
REAL ESTATE INSTITUTE OF AUSTRALIA

2019 AWARDS FOR
excellence


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1 *Residential Salesperson of the Year: Peter Clements – Mint Real Estate Claremont WA presented by Bruce Landow – CoreLogic*

2 *Innovation Award: Will Honey – Independent Property Group Tuggeranong ACT presented by Alister Maple-Brown – Rockend*

3 *Community Service Award: Narelle Casey – Peter Blackshaw Real Estate ACT presented by Mike Cameron – PEXA*

4 *Business Broker of the Year: Nikki Katz – Benchmark Business Sales & Valuations SA presented by Whitney Munoz – Aon*

5 *Commercial Property Manager of the Year: Rupert Cullen – Colliers International (ACT), award accepted on his behalf by Miron Solomons, presented by Whitney Munoz – AON*

THANK YOU TO OUR SPONSORS

PrintForce.com.au VAULTRE rockend PEXA terri scheer The Real Estate Conversation CoreLogic AON

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1 *Commercial Salesperson of the Year: Brett Diston – Ray White Commercial VIC, award accepted on his behalf by Robyn Waters, REIV President presented by Bruce Landow – CORELOGIC*

2 *Commercial Agency of the Year Award – Colliers International (ACT) accepted on their behalf by Miron Solomons presented by Scott Wulff – VaultRE*

3 *Corporate Support Person of the Year: Tara Stokes – Harris Real Estate SA presented by Scott Wulff – VaultRE*

4 *Communications Award: Suzanne Brown – Rentwest Solutions WA presented by Mike Cameron – PEXA*

5 *Medium Residential Agency of the Year: Nick Bond – Harcourts Huon Valley TAS presented by Murray Pickles – Printforce*

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1 *Large Residential Agency of the Year: Toop&Toop Real Estate SA presented by Murray Pickles – Printforce. (L-R) Suzannah Toop, Murray Pickles and Genevieve Toop*

2 *Ray Ellis – CEO First National Real Estate and David Airey (Past REIWA President and Past REIA President)*

3 *Diane Davis – REIA Board Director (NT) and Robyn Waters – REIV President*

4 *Sophie Curtis, So Cello*

5 *Jodie Mason, Bindi Norwell – CEO REINZ and Tim McKibbin – CEO REINSW*

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REIA
REAL ESTATE INSTITUTE OF AUSTRALIA

2019 AWARDS FOR excellence


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1 Adrian Kelly, REIA President

2 Catherine Summers and band

3 Residential Property Manager of the Year: Tameka Smith – Key2 Property TAS presented by Carolyn Parrella – Terri Scheer

4 Achievement Award: Kirk Fernandez – Toop&Toop Real Estate SA presented by Mark Williams – RECON

5 Small Residential Agency of the Year: Stephen Briffra – Network Pacific Real Estate VIC presented by Carolyn Parrella – Terri Scheer

6 (L-R) John Cunningham (Past President REINSW), Leanne Pilkington – President REINSW and REIA Board Director (NSW), and Peter Clements – Mint Real Estate Claremont WA – Winner – Residential Salesperson of the year

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REIA REAL ESTATE INSTITUTE OF AUSTRALIA

2019 AWARDS FOR excellence

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1 Lucy Durack

2 Buyer's Agent of the Year: Rich Harvey – Propertybuyer NSW, award accepted on his behalf by Leanne Pilkington, REINSW President and REIA Board Director (NSW)

3 REIA President's Award: John Cunningham – Cunninghams Real Estate NSW presented by Adrian Kelly – REIA President

4 Venue

5 REIA Hall of Fame Certificate of Merit: Toop&Toop Real Estate SA presented by Adrian Kelly, REIA President. (L-R) Genevieve Toop, Adrian Kelly and Suzannah Toop

6 Venue

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NEGATIVE GEARING AND THE 2019 ELECTION

This article is brought to you by Adrian Kelly President of the Real Estate Institute of Australia

Even at this stage of the electoral cycle it is clear that housing affordability and taxation arrangements for housing are going to be key issues in the upcoming Federal election campaign and REIA hopes the debate will be based on rational thinking and not perpetuating myths that simply do not hold up to analysis.

The first thing to note is that negative gearing is not a special concession for property. It is a legitimate deduction of expenses in the course of earning income from investments in all asset classes (including shares, other investments and business ventures) until the investment generates a positive income stream in the future. The ability of investors to gear and use debt is a crucial part of investing and fostering economic growth. The ability to deduct the cost of debt and losses against income is necessary to ensure that investments are not taxed punitively.

Similarly the 50 per cent discount on capital gains replaces the previous indexation of capital gains which was put in place to ensure that only real capital gains are taxed – the change being made for administrative ease – and is also applicable to all asset classes.

The current tax arrangements, in treating property no differently to other forms of investment, provides an incentive for private investment which increases supply for our growing population, keep rents affordable and eases the burden on social housing.

With large increases in house prices in Australia's two largest capital cities during 2016 to 2018, there have been many claims that the current tax treatment of negative gearing and capital gains of residential property is exacerbating housing affordability issues. This is simply not the case. Indeed the public interest is being served and advanced through the current taxation arrangements.

The current taxation arrangements provide many Australians with the opportunity to invest in property and augment their savings in particular their retirement savings and at the same time improve rental affordability through an increased supply of rental housing.

There is ample research that shows that negative gearing and the CGT discount are not driving excessive, unproductive and speculative investment in housing but instead they are adding to housing supply with currently $7 billion a year invested in new dwellings.

One of these, the Henry Review, initiated by the current Opposition when they were in Government and

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NEGATIVE GEARING AND THE 2019 ELECTION

» *continued*

released in 2010, recognised that the current tax arrangements placed downward pressure on rents.

It is supply that is the critical factor in resolving the affordability problem. Changes to current taxation arrangements will do nothing to address affordability. If anything it will exacerbate the problem.

If there is a change of Government and the Opposition's policy, of restricting negative gearing to newly constructed homes and halving the capital gains tax discount whilst grandfathering arrangements for current investors, is implemented there will be many losers.

These will be:

1. Mum and dad investors who want to buy an existing investment property to supplement their retirement savings will no longer be able to claim a modest taxation deduction.
2. Renters who will see their rents rise just as they did under the Hawke/Keating experiment in the 1980's. Contrast this to the current situation where we have the lowest annual increase in rents for two decades.
3. Builders and their 'tradies' who will build less houses as shown by independent research undertaken for the Master Builders Association and the Property Council of Australia.
4. State governments and their constituents who will receive less stamp duty to spend on much needed infrastructure.
5. Lower economic growth when the economy is showing signs of stalling.

At the 2016 Election REIA employed digital methodologies including daily Facebook messaging and Tweets which started the week after the election was called, and ended the day before the election. As well as utilising REIA's contact base the posts were targeted at customised audiences including marginal seats.

Throughout the campaign we reached an average audience of 120,000 per week through the REIA Facebook page. The campaign became viral in the final two weeks, achieving a total reach of almost 1 million people.

Whilst it is impossible to be definitive on the impact of the campaign, there was a clear correlation between electorates with high numbers of investment property owners and a lower than average swing against the Government and in some cases gains.

During the upcoming Election REIA will be taking a similar approach to dispel the myths surrounding negative gearing and pointing out the potential economic impacts of changes to negative gearing arrangements. Keep an eye out for REIA's daily messages on Facebook, Twitter and Instagram starting on 8 April.

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FEDERAL BUDGET 2019 OVERVIEW

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

Whilst there were no major surprises in the Budget, the measures will ease the brake of economic activity by providing a fiscal stimulus through infrastructure spending and delivering higher disposable incomes to 10 million low to middle income earners.

Whilst this may ordinarily have put pressure on interest rates, with the forecasts of inflation well within the RBA's target zone, and the slowing investment in dwellings, the Budget should not adversely impact on the RBA's decisions.

In acknowledging the importance of the property sector to the overall economy the Budget papers devote a section to the impact of housing prices on consumption and investment even pointing out that the incomes of real estate agents are correlated with housing prices and turnover as are state Government revenues from stamp duty. It is estimated that a 10% drop in housing prices could result in real GDP being 0.5% lower after two years.

Budget Overview

The Government describes this Budget as "back in the black and Australia is back on track".

From a deficit underlying cash balance of $4.2bn in 2018-19, across the four years of the forward estimates there will be surpluses from $7.1bn in 2019-20 to $17.8bn in 2021-22 before dropping to $9.2bn in 2022.

Real GDP growth for 2019/20 is forecast at 2.75%, up from 2.25% for the current financial year and unemployment is forecast to remain steady at 5%.

Following above average growth of 5.5% pa in dwelling investment the current pipeline of activity will see a growth of 0.5% in 2019-20 and then decline in the subsequent two years.

	2019-20	2020-21	2021-22	2022-23
Underlying cash balance ($b)	7.1	11.0	17.8	9.2
% of GDP	0.4	0.5	0.8	0.4
GDP growth (%)	2.75	2.75	3.00	3.00
Unemployment rate (%)	5.0	5.0	5.0	5.0
CPI (%)	2.25	2.5	2.5	2.5
Private investment, dwellings (% change)	0.5	-7.0	-4.0	N/A

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FEDERAL BUDGET 2019 OVERVIEW

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A graphical summary of information contained in the 2019-20 Budget provided by the Parliamentary Budget Office is shown on the next page.

Main Budget Points

- There will be immediate tax cuts for taxpayers earning up to $126,000 per annum. For a single income family this is $1,080 and for dual incomes up to $2,160 with the full tax relief applying to incomes between $48,000 to $90,000. This will be applicable, provided legislation is passed, for 2018-19 tax returns.
- In the longer term, the rate of the middle tax bracket ($45,000 to $200,000) will be reduced from 32.5% to 30.0% from 2024-25.

Housing

- Whilst there are no specific measures for housing, the impact on housing demand is mildly positive. Regional economies will benefit from the increased infrastructure spending. Slight increases in disposable income through the tax cuts will provide for relief on household budgets and mortgage commitments.

Small to Medium Business

- Small-business owners are winners from policies that keep tax burdens lower for longer.
- The instant asset write off threshold has been increased from $25,000 to $30,000 per asset purchased for those small to medium sized businesses with an annual turnover of less than $50m. The change will apply from 7.30pm 2 April 2019 to 30 June 2020 – again this depends on legislation being passed.
- The company tax rate for small to medium sized businesses will be lowered to 25% by 2021-22 from 27.5%.

Infrastructure Spending

- Infrastructure spending of $100bn over 10 years in all states and territories ranging from $50m in the ACT to $7.3bn in NSW.

State/Territory	$
QLD	$4bn
NT	$622m
ACT	$50m
VIC	$6.2bn
TAS	$313m
SA	$2.6bn
WA	$1.6bn
NSW	$7.3bn

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2019–20 Budget Snapshot[1]

Parliamentary Budget Office

Figure 1: Underlying cash balance
Per cent of GDP

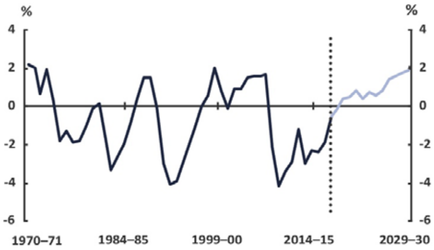


Figure 2: Total payments and receipts[2]
Per cent of GDP

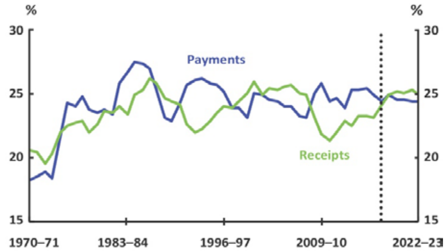


Figure 3: Net debt
Per cent of GDP

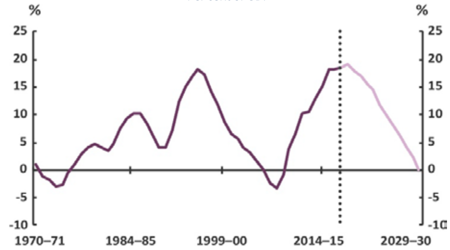


Figure 4: Change in underlying cash balance since 2018–19 MYEFO

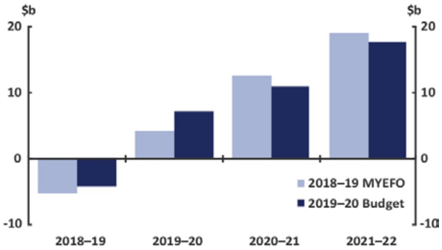


Figure 5: Decomposition of change in underlying cash balance[3,7]

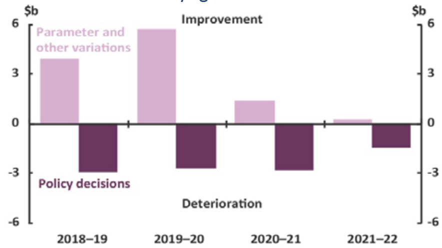


Figure 6: Key economic parameters

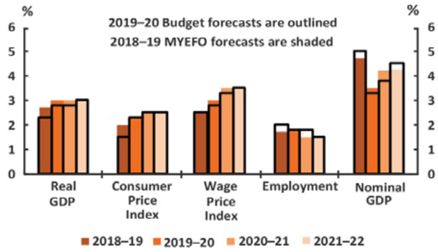


Figure 7: Policy decisions — payments and receipts[2,4,8]

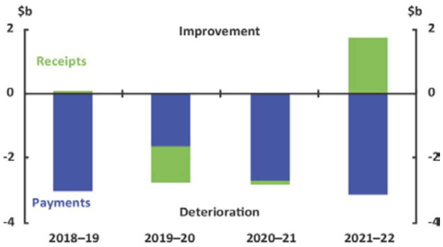


Figure 8: Top five revenue measures[5,6,13,14]
Total, 2018–19 to 2022–23

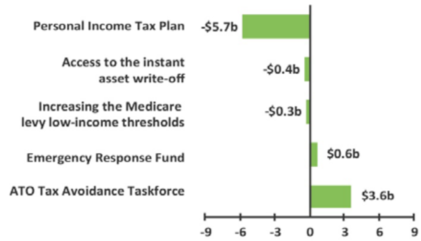


Figure 9: Top five expense measures[5,6,14]
Total, 2018–19 to 2022–23

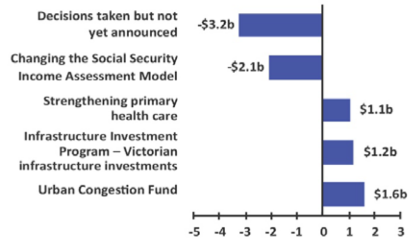


Figure 10: Parameter and other variations — payments and receipts[2,7,9]

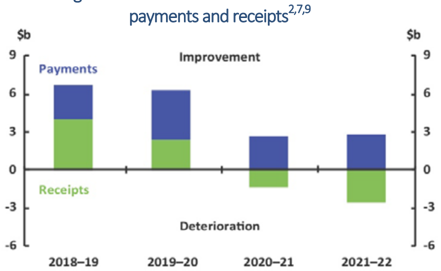


Figure 11: Contributions to annual real growth in revenue[5,10]
Average, 2018–19 to 2022–23

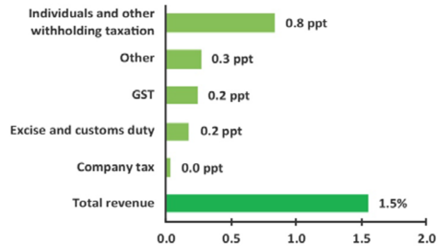


Figure 12: Contributions to annual real growth in expenses[5,11]
Average, 2018–19 to 2022–23

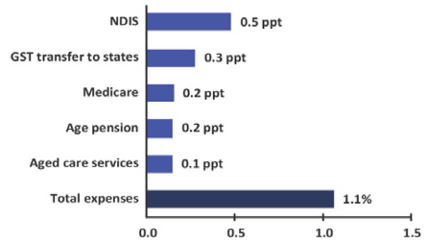


Figure 13: Payments to states in 2019–20, $127b[12]

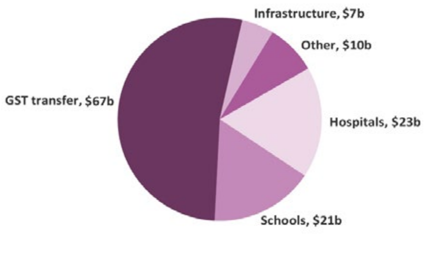


Figure 14: Revenue in 2019–20, $514b[5]

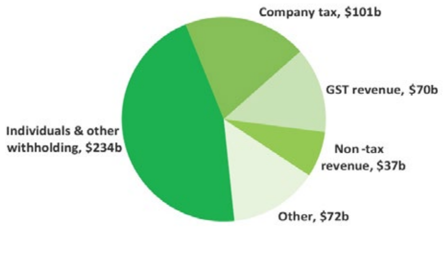
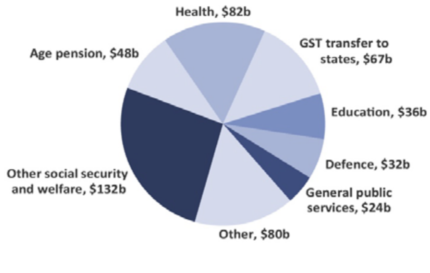


Figure 15: Expenses in 2019–20, $501b[5]



1 Figures are prepared using data contained in the 2019–20 Budget Papers and 2018–19 Mid-year Economic and Fiscal Outlook (MYEFO). Any changes shown are since the 2018–19 MYEFO.
2 Payments and receipts are on a cash basis.
3 Consistent with the approach taken in Budget Paper 1 Statement 3 *Table 7: Reconciliation of underlying cash balance estimates*, these figures exclude the impact of policy decisions on Goods and Services Tax (GST) payments and receipts, but include the impact of parameter and other variations on GST payments and receipts.
4 An increase (decrease) in receipts results in an improvement (deterioration) in the underlying cash balance. An increase (decrease) in payments results in a deterioration (improvement) in the underlying cash balance.
5 Figures are on an accrual (fiscal) basis.
6 This figure depicts the net fiscal impact of the top measures. Where a measure impacts both revenue and expenses it has been classified according to its principal impact (consistent with Budget Paper No. 2).
7 Parameter and other variations refer to changes due to a broad range of reasons, including revised economic conditions, revisions to a program's estimated recipient numbers, re-profiling of expenditure and other revisions.
8 This figure excludes the impact of policy decisions on GST payments and receipts.
9 Consistent with Figure 7, this figure excludes the impact of parameter and other variations on GST payments and receipts. Note that this approach is different from that applied to parameter and other variations in Figure 5.
10 This figure depicts the percentage point contribution from key drivers to average annual real growth in total revenue from 2018–19 to 2022–23. Average annual growth in total revenue is presented in the bottom bar in the figure.
11 This figure depicts the percentage point contribution from key drivers to average annual real growth in total expenses from 2018–19 to 2022–23. Average annual growth in total expenses is presented in the bottom bar in the figure.
12 Payments to states refers to the amount of funding provided to States and Territories under the Federal Financial Relations framework. This includes the transfer of the GST collected by the Commonwealth to States and Territories for use on general purposes.
13 Personal Income Tax Plan refers to the Lower taxes for hard-working Australians measure, which will reduce revenue by $19.5 billion over the forward estimates period. The net fiscal impact of $5.7 billion in the 2019-20 Budget reflects a provision of $13.8 billion over the forward estimates included in the 2018–19 MYEFO.
14 Measures are included on the basis of net fiscal impact in the 2019–20 Budget. Figures shown here may not match total policy impact due to provisions made in previous budget updates.

WHAT INDUSTRY STAKEHOLDERS ARE SAYING

AUSTRALIAN INDUSTRY GROUP

"The stimulus inherent in the Federal Budget is a timely and welcome boost for a slowing economy at a time of wavering business and household confidence," Ai Group Chief Executive, Innes Willox, said today.

"The return to surplus, albeit a skinny one, after more than a decade of deficits should be recognised. The budget also takes positive steps in the structural reform of Australia's income tax arrangements and further lifts investment in skills, infrastructure and assistance for new exporters. However, there are real risks around the disappointing cuts to permanent migration, in the modest improvement to the budgetary outlook and in the shortage of measures to substantially boost domestic productivity.

"Lifting household disposable incomes by combining additional tax relief with the Energy Assistance Payment will quickly put welcome cash in families' hands which will flow through to consumer spending and hopefully lift business sales and employment. Additionally, the increase in the Instant Asset Write-off facility for small and medium-sized businesses will stimulate investment and productive capacity while also lifting sales and employment for equipment suppliers.

"Looking further ahead, the additional structural reforms to the personal income tax scale represent important improvements that will lift incentives to save, work and invest across the bulk of income earners.

"Similarly, the Budget brings forward to 2021-22 the foreshadowed reduction in tax rates for small and medium-sized companies and unincorporated enterprises. This measure will underwrite a lift in potential of these businesses to deliver sustainable wage increases for their employees. It is disappointing though that Australia appears stuck with a two-tiered company tax structure.

"The increase in support for new apprentices – by lifting employer and apprentice incentives – is a particularly welcome initiative that will help address a number of skill shortages and help provide stimulating career paths for many young Australians. It is very pleasing that the Government has listened to industry concerns on our apprenticeship program.

"Ai Group welcomes the establishment of a National Skills Commission as recommended by the Joyce review to drive overdue and long-term reforms to the VET sector. A National Careers Institute will further create vital linkages between students, schools, training and industry.

"Strengthening foundation skills for at-risk employees through the new literacy, language, numeracy and digital skills program is a positive and timely step especially for people most at risk.

"Exporters and potential exporters will benefit from the increased allocation to the Export Market Development Grants (EMDG) program.

"The reduction in the permanent immigration intake is of considerable concern for the many businesses facing skill shortages across a wide range of occupations. Extending the reduction for a number of years carries risks and will lift the dependency on temporary migration.

"Caution should also be sounded over the modest outlook for the budgetary position over coming years. The Budget remains vulnerable to a downturn

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in general activity and particularly to a sudden fall in commodity prices. In this sense, the task of fiscal repair remains incomplete.

"The budget has taken clear steps to boost confidence and put the economy on a sounder footing, but it is fair to say that much work still needs to be done to boost productivity and build economic resilience. Industry looks forward to further policy announcements ahead of the upcoming Federal election," Mr Willox said.

BUSINESS COUNCIL OF AUSTRALIA (BCA)

This is a strong and responsible budget that delivers a surplus, lowers personal income taxes and invests in jobs, health, education and infrastructure, Business Council chief executive Jennifer Westacott said.

This is the payoff for the community from spending discipline and hard work. Business has continued to do the heavy-lifting in this budget – which again is proof that when business thrives, Australia thrives.

Revenues from business have underpinned the government's ability to pay for the announcements made with growing company tax collections projected to reach almost half a trillion over the next five years.

Returning to a serious and credible surplus matters enormously to meeting the cost of the future such as the $100 billion earmarked for much needed infrastructure and sustaining high living standards.

The personal tax cuts for low and middle-income earners will provide relief for families to meet cost of living pressures.

We have got to keep the focus on growing the economy, so these tax cuts and spending promises can be sustained.

As the budget itself warns, Australia cannot afford to be complacent and must better prepare for the global headwinds from a slowdown in China and domestic challenges. We welcome Treasurer Josh Frydenberg's pledge to pay down the nation's debt. Both major parties must show the discipline to actually do it. One of the single biggest items in tonight's budget was the $11 billion net interest bill on that debt – money that could be better spent on the services Australians need and deserve.

The Business Council has been campaigning for a lift in the status of the vocational education and training system and we welcome the government's commitment to the VET sector and promise to establish a National Careers Institute and a National Skills Commission.

Also welcome, is the promise to create 80,000 extra apprentices and boost literacy, numeracy and digital skills.

The increase in the instant asset write-off for small and medium business and expanding the eligibility to claim it will help drive activity in the business community. However, it's the large investment projects undertaken by big companies that creates substantial export revenue, substantial tax revenue, generate activity for thousands of small businesses and creates significant employment, particularly in regional communities. One of the reasons this budget is in a strong position is because it is built on decisions and

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investments made by our biggest companies many years ago.

It is disappointing there is no economy-wide signal about the need to fix the investment dilemma Australia is facing with new investment as a share of GDP near 25-year lows. This must be addressed as a matter of urgency to secure the future revenue to pay for budget promises.

The best way to sustainably lift wages growth is to drive investment to improve productivity.

The challenge for successive governments is to stay on track with fiscal discipline, deliver on the promises to pay down debt and get serious about tackling our productivity problems by creating the environment for all parts of the economy to invest and grow.

HOUSING INDUSTRY ASSOCIATION (HIA)

“For the past five years the building industry has driven economic growth in Australia. In contrast, the Budget assumes that dwelling investment will cool 7 per cent next year.

“The measures in this Budget will have a positive impact on affordability by improving household disposable income.

“The timing of income tax cuts on 1 July 2019 combined with a modest growth in wages will see an increase in household disposable income.

“The combined impact will boost household consumption faster than an interest rate cut and assist in offsetting the credit squeeze.

“The building and construction industry employs one in ten workers in Australia. Maintaining a strong building sector is important not just in terms of employment but also to ensure that adequate new homes are built to avoid a worsening of the affordability challenge.

“The boom in building activity has brought with it an increased demand for transport and economic infrastructure. The expansion of transport networks is crucial to the ongoing evolution of our cities and regional centres.

“The Budget’s increase in expenditure on infrastructure projects will also play an important role in absorbing employment as the housing industry cools.

“The increased incentives for training apprenticeships are significant and necessary as the industry has faced significant skills shortages over the past decade.

“These incentives more than double the existing Federal Government incentives over the term of an apprenticeship.

“The small businesses that dominate the home building industry in Australia will appreciate the increase in the instant asset write off, at a time when they are seeing their revenue slow.

“The improved fiscal outlook presented in the Budget and these new measures should improve confidence amongst customers when making home building and renovating decisions.”

» *article continues*

WHAT INDUSTRY STAKEHOLDERS ARE SAYING

» *continued*

INDUSTRY SUPER AUSTRALIA (ISA)

Those who have retired or are on the cusp of doing so will benefit from changes to voluntary super contributions outlined in the Budget, yet there is not enough help for the millions of younger workers missing out on basic super entitlements. The 2019-20 Budget has delivered generous changes to voluntary super contributions, that will see Australians aged 65 and 66 able to make voluntary superannuation contributions, both concessional and non-concessional, without meeting the 'Work Test.'

The new rules could theoretically allow extra contributions of up to $500,000 for a couple. Industry Super Australia's Deputy Chief Executive Matthew Linden said the changes could help those who have been unable to save enough for retirement but they could also be used by those who have very healthy super balances already.

"If this measure proceeds there would be some justification to focus benefits to those with inadequate super savings," Mr Linden said.

"Sadly, the Budget again misses an opportunity to take action on the millions of Australians missing out on super entitlements – particularly women and younger workers. "Women on average receive 40 per cent less super than men, and a third of Australian workers are being robbed of around $2,000 a year by employers refusing to pay super.

"The Government could have made these issues a priority by paying super on parental leave, and abolishing the $450 per month super threshold. "Although the budget includes welcome additional funding to the ATO to recover unpaid super there is no commitment to align super with wage payments which would address the source of the problem.

"In other measures Industry Super Australia also strongly supports the announcement to extend permanent tax relief to merging funds. There is likely to be significant fund mergers in the years ahead and the tax relief will ensure members realise the full benefits.

MASTER BUILDERS AUSTRALIA (MBA)

Builders around the country will back the key initiatives in the Federal Budget that will help promote economic growth across the country.

"The return to surplus will boost confidence that the economy is back on track and will give builders the incentive to invest, create jobs, hire more people and take on more apprentices," Denita Wawn, CEO of Master Builders Australia.

"Master Builders welcomes the Government's announcements on new investment in skills, infrastructure and small business because they are targeted at what's needed to strengthen the economy," she said.

"The government deserves credit for heeding Master Builders call for the instant asset tax write off scheme to be increased and expanded. Thousands of small business builders in communities around the country will benefit from the increase to $30,000 but more importantly the significant expansion of the eligibility threshold to $50 million annual turnover," Denita Wawn said.

» *article continues*

WHAT INDUSTRY STAKEHOLDERS ARE SAYING

» *continued*

"Likewise builders will strongly back the additional investment to train an additional 80,000 new apprentices in industries experiencing skills shortages including building and construction," she said.

"Infrastructure investment right across the country, to build economic growth nationally and in local communities is fundamental to the success of our industry and the economy. It will underpin economic growth in our cities and regions many of which are experiencing economic downturn. However, these projects need to be fast tracked so that work can commence and be accessible to local businesses," Denita Wawn said.

"While there was good economic news in this budget, Master Builders is concerned that Treasury, in line with Master Builders forecasts, predicts a seven percent decline in housing investment. This reinforces the need to ensure that all housing investment incentives remain intact," Denita Wawn said.

PROPERTY COUNCIL OF AUSTRALIA (PCA)

The Federal Budget and its growth projections are heavily reliant on Australia's falling housing markets holding up, according to the Property Council of Australia.

"This is a budget set for growth, but behind every number in the budget is the unknown effect of the housing downturn," Mr Morrison said.

"The headlines of surplus, infrastructure and tax relief are welcome, but falling house prices are clearly Treasury's economic wildcard.

"The Government and the Parliament must have a laser-like focus on the housing sector and be ready with a contingency plan if these forecasts aren't met." The Budget papers highlight the downside risk of a further deterioration in housing prices on dwelling investment and household consumption, noting that if consumption dropped one per cent as a result, this would shave a quarter of a per cent from GDP growth. Treasury says new dwelling investment will only grow 0.5 per cent this year, before dropping by 7 per cent in 2019-20 and a further 4 per cent in 2020-21 as existing projects are completed.

"Australia's housing sector is worth $7 trillion – more than twice the size of the share market – so Treasury are right to flag the risks for the economy," Mr Morrison said.

"It also reinforces our warnings about the impact of changes to negative gearing and capital gains tax, particularly at this uncertain time in the property cycle." The Property Council welcomed the big increase in infrastructure spending announced in the budget.

"The Budget delivers a $100 billion investment over the decade to meet the needs of our growing cities and regions, including projects to break urban congestion and improve regional connections," Mr Morrison said.

"The personal income tax cuts targeted at low to middle income earners should provide some relief from cost of living increases.

"The measures targeted at small to medium size businesses will also provide some much-needed confidence," Mr Morrison said.

» *article continues*

WHAT INDUSTRY STAKEHOLDERS ARE SAYING

» *continued*

The Budget papers highlight the strong contribution made by the property industry in the pick-up in non-mining business investment which grew by 9.7 per cent in 2017-18, compared to average annual growth of 1.5 per cent over the previous decade.

Investment in non-residential buildings made a particularly large contribution to business investment, including investment in hotels and aged care facilities while office building activity also lifted during 2017-18.

URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA

Federal Budget delivers a plan for our growing cities but falls short on housing

The 2019-20 Federal Budget has been heralded as 'a budget for the taxpayer, complete with congestion busting measures that will future proof Australia' for generations to come.

UDIA National President Darren Cooper states, "Australia's growth and population-induced city infrastructure pressures, has created a crucial opportunity for the Federal Government to re-shape our cities into functioning, liveable globally competitive urban icons."

"We remain concerned however, that there were no direct new housing announcements contained in the budget last night that directly target unlocking more affordable housing supply and diversity. The development industry contributes around half a trillion dollars to the Australian economy and a well-functioning industry is crucial to the continued economic prosperity of this country.

"Infrastructure has dominated the Budget, delivering new major infrastructure funding commitments of a record $100 billion over a decade, new future Cities Deals, sought-after tax cuts and is accompanied by a well-considered and funded Population Plan with $23.4 Billion provided for a new Centre for Population."

"We welcome the rolling infrastructure plan to help manage our growing population, meet our national freight challenge and get Australians home sooner and safer with a view to realising our 30-minute city concept," he added.

The injection of $3 billion into the Urban Congestion Fund, a $2.2 billion Road Safety Package as well as an additional $1 billion for the next phase of the Roads of Strategic Importance initiative will propel congestion busting measures to improve our daily commute and ultimately quality of life for the community.

The additional $23 billion of new funding in 2019-20 for projects and initiatives will benefit every state and territory and provide local job opportunities for every day Australians.

"Whilst the initiatives are impressive, they haven't gone far enough to address Australia's current housing crisis and affordability." With the latest census showing how homelessness has increased by 14% nationally and by 22% for people between 19 and 24, we are putting a generation at risk of ever being able to afford to buy or event rent a home.

"UDIA has long since advocated for a coordinated, cohesive approach which is detailed in our National Policy Agenda. Our overarching 6 pillared policy with solutions is aimed at

» *article continues*

WHAT INDUSTRY STAKEHOLDERS ARE SAYING

» *continued*

reducing the housing affordability dilemma, examining the barriers to supplying new homes, and outlining what governments at all levels must do to create long lasting solutions."

"Our State of the Land report last week forecast alarming shortfalls in potential housing supply with a 400% increase in the rate of abandoned multi-unit dwellings across the combined capital cities, in the past 12 months, putting even greater pressure on the rental supply market. Now it is even more important to introduce measures which will boost housing supply and diversity not deter it.

"We would like to see initiatives to incentivise the states by linking federal funding to state government performance on planning and overall property tax reform in addition to meeting the required housing supply targets., This also includes rezoning land for higher density housing around railway stations or areas of high jobs growth, and the development of a national process for the promotion of build-to-rent housing.

"Build-to-Rent housing is already a globally proven housing choice option for people who rent their home and can be instrumental in addressing housing supply in Australia with the right policy settings," said Mr Cooper.

Build-to-rent assets should also be made eligible for the 15 percent managed investment trusts (MIT) withholding tax rates.

"We would also like to see a review of the 50% foreign ownership investment cap in new developments because attracting international funds is crucial to improving housing supply, whilst also contributing to government tax revenue.

"While the highly anticipated tax cuts will give Australian's more disposable income to immediately relieve cost of living pressures, they do little to provide sufficient funds to improve people's prospects of affording to purchase a home."

"We will continue to advocate initiatives which build on measures to ultimately provide more certainty and efficiency within the property industry that improves housing supply and affordability," Mr Cooper said.

This article is brought to you by Simon Disney
Senior Media & PR Manager,
Bendigo and Adelaide Bank

BENDIGO BANK CUSTOMERS TO BENEFIT FROM INSTANT HOME LOAN TIC OF APPROVAL

Some of the older hands around the REIA network may remember Simon Disney, who was National Public Affairs Manager for REIA in 2001-02. We saw his name at the bottom of a press release recently announcing the launch of an 'instant home loan', so we gave him a call to catch up and find out what he's been up to as Senior Media and PR Manager at Bendigo and Adelaide Bank.

REIA **Good to see you again Simon it's been quite a journey.**

SD It certainly has! When I left REIA I took up a position as Media Manager at IFSA, which became the Financial Services Council and after seven years there, I joined Bendigo Bank to help launch its Wealth Division before moving across to the Group PR and Media Team a couple of years ago. It's been fantastic and I particularly love being able to see daily what our **Community Bank®** network is giving back to the surrounding communities in which they operate. You'll be happy to know that we now have Bendigo Bank partners operating in nine real estate agencies around the country too which is fantastic for smaller communities no longer serviced by the big four.

REIA **Bendigo Bank is more than 160 years old and banking is changing rapidly – so how are you changing?**

SD Some things never change, like our commitment to customer service excellence and feeding into community prosperity not off it, but our new Managing Director, Marnie Baker has tasked us all with building Bendigo and Adelaide Bank to be Australia's bank of choice. We're firm believers in partnering. It's in our DNA and the most recent example of that is Bendigo Express. Recently announced together with Tic:Toc. Bendigo Express uses Tic:Toc's proprietary technology to power an instant home loan and makes Bendigo Bank the first Australian bank to offer a digital home loan application and assessment process under its own brand.

BENDIGO EXPRESS
Bendigo and Adelaide Bank's partnership with Tic:Toc allows the Bank to offer customers a streamlined digital fulfilment process, bringing significant efficiencies in the way the Bank can originate home loans. The automated assessment strips cost from the process and delivers higher responsible lending standards via inbuilt reg-tech and digital validation of income and expenses.

REIA **That's a big step forward in how home loans are delivered. Providing customers with certainty more quickly using innovative technology is certainly impressive.**

SD Indeed. We're committed to allowing customers to interact with us however they choose, and for some, this will be the ability to still walk into a branch or agency and for others a preference for

» *article continues*

BENDIGO BANK CUSTOMERS TO BENEFIT FROM INSTANT HOME LOAN TIC OF APPROVAL

» *continued*

phone and internet banking or even in a complete digital environment. Bendigo Express is another example of the type of innovations our Bank is bringing to customers as the market leaders in customer experience. We're committed to investing in new capability and innovation for our customers and making it easier for them to engage with our bank in our fast-paced world.

REIA Do you still keep an eye on our industry?

SD Absolutely. I really enjoyed my time at REIA and of course, we sponsor the Adelaide Bank/REIA Housing Affordability Report – so I'm right across that. My time at REIA gave me a sound understanding of the real estate industry and the commitment of REIA to improving the image and professionalism of the industry in the public mind and in the eyes of our elected representatives. It's important to maintain a presence in Canberra and to keep the lines of communication open on Capital Hill – across political lines all year round.

REIA Anything catching your eye at present?

SD I suppose the changing mix in buyers. General consensus seems to be that the East Coast residential property markets in particular are now being contested by FHB's VS FHB's, rather than FHB's VS Investors. I see that as a positive. First home buyers have been missing out for quite a few years now and when you consider that pretty much every retirement savings model assumes that people own their own home when they finish working and access their superannuation, it's vital that we get home ownership rates in Australia back up again. I don't think I'd like to be 70 and renting. Investors are being very cautious, many have difficulty getting finance and other potential investors are waiting to see the outcome of the Federal election. Properties that have been out of the reach of first home buyers in outer suburbs for years – are now in some cases – within reach.

REIA Which is good news in terms of future 'social security'?

SD Yes – but bear in mind that this market is far more likely to pit FHB's against FHB's who often buy with their heart – unlike investors who are often focussed solely on rental return and capital gain and buy with their head. It's by no means 'easy pickings'. While investors play a crucial role in the housing sector and the economy generally, it is pleasing to see more of the FHB vs FHB competition playing out. In a pitched battle for a first home, winning the keys will often come down to a case of who is 'first with finance' between FHB's or down-sizers. If FHB's find a place they love at an open, strike swiftly! You can read how a young woman in Victoria recently used the online technology powering our new Bendigo Express platform to get a home loan and buy her new home during her morning tea break here.

REIA And the Adelaide Bank side of the business?

SD Adelaide Bank is our third-party banking specialist and has been a supporter of the REIA Secretariat via our sponsorship of the Adelaide Bank/REIA Housing Affordability Report for several years. The team has been really busy during December and January. In fact, I was speaking to Darren Kasehagen our new Head of Third Party Banking while he was in Sydney recently and he was surprised at the level of activity over what is a traditionally quiet time of year. Darren, along withwith Amanda James, recently appointed as Head of Broker, are our 'dynamic duo' on the Adelaide Bank leadership team and are committed to servicing the growing network of mortgage brokers and mortgage managers around Australia. Getting back to our Group commitment to consumer choice, there is a growing preference for some of our customers to use a mortgage broker to secure a loan and Adelaide Bank is dedicated to servicing those who choose to go down the mortgage broker path to home ownership. Adelaide Bank are specialists in bridging finance too, which is also something they do very well.

REIA Thanks for the update Simon, good to catch up with you.

SD Likewise, always a pleasure.

NATIONAL MARKET SNAPSHOT

EXTRACTED FROM REAL ESTATE MARKET FACTS DECEMBER QUARTER 2018

- *Quarterly Australian weighted median house price is $733,438*
- *Quarterly Australian weighted median other dwellings price is $570,905*

Median house prices up:

Hobart	5.8% to $502,750
Adelaide	0.5% to $475,000

Median house stable:

Perth	0.0% to $500,000

Median house prices down:

Canberra	-0.1% to $665,000
Darwin	-0.8% to $493,750
Brisbane	-0.9% to $530,000
Sydney	-3.2% to $1,062, 619
Melbourne	-3.7% to $796,500

Median other dwelling prices up:

Adelaide	4.2% to $359,000
Hobart	0.1% to $365,500

Median other dwelling prices down:

Darwin	-0.7% to $350,000
Brisbane	-1.2% to $400,000
Melbourne	-1.7% to $589,000
Canberra	-1.8% to $442,000
Sydney	-3.3% to $702, 012
Perth	-5.1% to $375,000

NATIONAL AFFORDABILITY SNAPSHOT

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

	Dec 2018	Sep 2018	Dec 2017
Proportion of family income to meet:			
Home loan repayments	31.2%	31.1%	31.6%
Rent payments	24.0%	23.9%	24.5%

NSW New South Wales had the largest increase in rental affordability over the quarter.

VIC Median weekly family income increased the most in Victoria (0.7%).

QLD Queensland had the largest decrease in the number of new loans.

SA In South Australia had the largest increase in loan amount to first home buyers.

WA Western Australia had 0.5 percentage point increase in rental affordability.

TAS Tasmania had the largest rise in monthly loan repayments (7.2%).

NT Housing affordability improved in the Northern Territory with proportion of family income required to meet loan repayments decreasing 1.5% percentage points.

ACT The Australian Capital Territory had the largest increase in the number of loans to first home buyers (34%).

Have your glass windows ever been broken?

As a real estate agent, running your own agency can be an exciting and rewarding experience, however it's important to consider the risks that come with it.

Ask yourself:

- Have you ever lost or damaged your work phone or laptop?
- Have you ever had water damage to your premises?
- Has a client ever injured themselves at your business premises?

Accidents and mistakes can happen, so it's helpful to have business insurance cover in place to help foot the bill, so you can continue to run your business and reduce financial loss.

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WHAT WOULD HAPPEN IF YOUR PROPERTY WAS THE NEXT OPAL TOWER?

When news broke of Sydney's Opal Tower in late 2018, landlords and Property Managers across Australia shared a collective shudder. While it's common for things to go wrong in a rental property – whether it's a tenant skipping rent or causing accidental property damage – the story of cracks in this high-rise residential property took the risks as a Property Manager to a new level entirely.

The reality of property management today is that emerging risks are plentiful. From the increasingly common issue of poorly constructed buildings (such as in the case of the Opal Tower), to injuries to guests at an unauthorised party held at an Airbnb property or an illegal meth lab on a rental property...Let's just say it's a challenging time to be a landlord.

Perhaps most devastatingly, the Opal Tower situation has revealed to us first-hand the damage that can be caused when landlords are not appropriately insured. As owners of Opal Tower apartments have been frantically chasing tenants for rent – tenants who are not actually able to live in the building while cracks are present – the value of landlord insurance has become increasingly visible.

So, what can you do to ensure you're protected against whatever risks might face you and your properties?

Protect against the common and emerging risks

There are a number of obvious things that landlords and Property Managers can do to reduce risks, like screening tenants, monitoring rent collections and ensuring that bonds are lodged correctly. But what's often overlooked is the importance of keeping up-to-date by having good processes in place and being vigilant about record keeping.

We've compiled some helpful tips for both landlords and Property Managers:

1. **Hold regular property inspections**: These are a vital step in any property management routine, as they allow you to identify any building defects or issues and organise for maintenance and repair of defects in a timely manner.
2. **Document all inspections and maintenance (and provide copies to the landlord and tenant)**: Record the outcomes of every inspection with a formal report such as an Entry (or Exit) Condition Report that contains detailed descriptions and supporting photographs. Similarly, document any routine property inspections and specify any maintenance and repairs that occur to the property.
3. **Formalise any agreements in writing**: If an issue or dispute arises, written documentation will be critical to support or negate a claim, so it pays to take the time to keep clear notes to document any discussions or agreements.
4. **Try to document all correspondence via email**: If verbal instructions are given, create a file note to clearly document the discussion and include the date and time for when it took place. Try to re-use words if possible.
5. **Keep your Property Management staff up-to-date**: If you manage a Property Management team, ensure that you provide induction for all new staff on agreements, policies and procedures, continually update them with any new changes and hold regular refresher training to reinforce adherence.

The Final Piece of the Puzzle: Insurance

Putting in place these strategies can help you to minimise risk, however unfortunately it's hard to eliminate risks all together. Mistakes are a fact of life, and as we've seen with the Opal Tower, it's impossible to protect your rental property against every possible scenario.

That's where Landlord insurance can help; it can provide you with some cover for the common risks associated with your rental property - the final piece of the property management puzzle.

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If you would like to learn more about minimising your risk or discuss your insurance coverage, please contact Aon.

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INDUSTRY UPDATE

Industry news from around Australia

Federal incentives required to help states and territories abolish stamp duty

REIWA is calling for all political parties contesting the federal election to commit to funding research to help assist each state and territory phase out stamp duty.

REIWA President Damian Collins said stamp duty was an inefficient tax and one of the biggest imposts to home ownership.

"While we recognise stamp duty reform needs to come at a state level, it does require assistance and support from the Federal Government. REIWA has long since advocated for the abolishment of stamp duty, recommending instead that WA move towards a broad-based land tax system.

"We're calling for all federal political parties to commit to providing funding for states and territories to undertake a full feasibility study into how phasing out stamp duty could be achieved, if elected.

"Stamp duty is a significant hurdle for home buyers impacting greatly on housing affordability. Most buyers are not in a position to have surplus funds to cover the upfront cost of stamp duty. Instead, they are forced to borrow this amount on top of the loan amount, amortising the stamp duty cost across the whole life of their mortgage.

"Not only does this hinder affordability, it also impacts the ability for households to make appropriate housing decisions in accordance with their lifestyle choices, changing needs or economic reasons like employment," Mr Collins said.

Transactional activity has declined significantly in Western Australia in recent years, with the number of annual property sales falling from over 71,000 in 2013 to less than 40,000 in 2018 – the lowest level of transactions since 1990.

"Significantly fewer property sale transactions has meant significantly less stamp duty revenue for the WA Government. By abolishing stamp duty altogether and implementing a broad-based land tax system, the cost of property taxes would be spread across many years creating a steady stream of reliable income for state and territory governments," Mr Collins said.

"It would also remove the upfront financial burden from home buyers, helping to make home ownership a reality for more Australians."

Source: The Real Estate Institute of Western Australia

All Housing Investment Incentives Need To Be On The Table

"Master Builders Australia welcomes the announcement of Labor's Build to Rent tax concessions that will encourage institutional investment in housing and boost residential building activity," Denita Wawn, CEO of Master Builders Australia said.

"However, Labor's announcement that its increase of capital gains tax and restrictions on negative gearing will start from 1 January 2020 does nothing to allay concerns about the impact on building activity and the housing supply," she said.

"Our modelling that shows Labor's policy will reduce the number of new homes by up to 42,000 and deprive the economy of up to $11.8 billion worth of building activity," Denita Wawn said.

"Master Builders Forecasts tell us that we need 62,000 new homes built each year to meet the community's demand for housing," she said.

"We need all incentives for investment on the table rather than taking away incentives from one part of the market to prop up another," Denita Wawn said.

"This is just robbing Peter to pay Paul," Denita Wawn said.

Source: Master Builders Australia

POLITICAL WATCH

Information and news from government

Dwelling approvals rise in February

A rise in building approvals for apartments and townhouses has driven a 0.4 per cent increase in the total number of dwellings approved in Australia in February 2019, in trend terms, according to data released by the Australian Bureau of Statistics (ABS) recently.

"Building approvals for private dwellings excluding houses rose 2.6 per cent in February." said Justin Lokhorst, Director of Construction Statistics at the ABS. "Meanwhile, private houses fell a further 0.8 per cent".

Among the states and territories, total dwelling approvals rose in February in New South Wales (3.1 per cent) and Western Australia (2.0 per cent), in trend terms. Falls were recorded in the Northern Territory (6.5 per cent), the Australian Capital Territory (6.3 per cent), Queensland (2.0 per cent), South Australia (1.1 per cent) and Victoria (0.8 per cent). Tasmania was flat.

Declines in approvals for private houses were recorded in New South Wales (2.0 per cent), Victoria (1.1 per cent) and Queensland (0.8 per cent), while increases were recorded in South Australia (2.0 per cent) and Western Australia (0.5 per cent).

In seasonally adjusted terms, total dwellings rose by 19.1 per cent in February, largely driven by rises in Victoria (37.3 per cent) and New South Wales (25.2 per cent). Private dwellings excluding houses rose 64.6 per cent, while private houses decreased by 3.6 per cent.

The value of total building approved rose 1.3 per cent in February, in trend terms. The value of non-residential building rose 1.9 per cent, while residential building increased 0.8 per cent.

Source: The Australian Bureau of Statistics

New government an opportunity for property reform

The REINSW congratulates Gladys Berejiklian on winning the NSW State election and calls on the new Government to deliver much needed property industry reform, initially moving property services out of NSW Fair Trading.

Tim McKibbin, CEO of REINSW, said consumers and the industry would be better served by a Property Commissioner who would take a solitary focused and wholistic view of real estate, planning and consumer protection legislation.

"Under NSW Fair Trading, the property services industry has suffered from a misguided policy of competition at any cost, which has lowered barriers of entry by reducing the education requirements to become an agent. This ill-conceived policy exposes consumers to identifiable and unnecessary risk," Mr McKibbin said.

"Real estate practice is not easy. Real estate agents manage high-value transactions of significant legal complexity that occur infrequently for most property owners – it's a very stressful time. Despite the acknowledged complexity, under the standards set by NSW Fair Trading, it is possible to pretty much walk off the street and put yourself forward as an agent."

Mr McKibbin said most property owners would be shocked to know that the education required by Fair Trading to become an agent, can be completed in four days.

NSW Fair Trading squeezes the regulation of property services in amongst 40 other different trade and service providers which are all low-value, high-frequency transactions of minimal legal complexity. These range from tattoo parlours, second hand dealers, hairdressers and tow truck drivers.

"Our homes are the most valuable and psychologically important assets many of us own. Property transactions demand well educated, experienced and dedicated specialist," Mr McKibbin said.

"The industry similarly requires the support of a specialist Property Services Commissioner, who like the Legal Services Commissioner, has industry experience and expertise and can who work cooperatively with industry to raise industry standards, improve consumer protections, advise on property taxes and remove the red tape that plays such a large part in making property so unaffordable in NSW."

Real estate is a $107 billion industry annually in NSW – bigger than mining, retail and tourism combined.

Mr McKibbin urged the Gladys Berejiklian Government to take a positive step to improve the lives of NSW property owners and tenants.

"We're seeking better regulation – not self-regulation – and higher standards for the property services industry. NSW Fair Trading does not have the industry skills and experience to support such a dynamic industry."

Source: The Real Estate Institute of New South Wales

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THE WORLD

Property news from around the world

Homes sales rebounded strongly in the US in February, latest agent index shows

Existing home sales in the United States rebounded strongly in February, recording the biggest month non month gain since December 2015 with a rise of 11.8%, the latest index shows.

But sales in this sector are still down by 1.8% year on year while prices are still rising, up 3.6% year on year to $249,500, the 84th month in a row that there has been annual growth, according to the data from the National Association of Realtors.

Lawrence Yun, NAR's chief economist, credited a number of aspects to the jump in February sales. 'A powerful combination of lower mortgage rates, more inventory, rising income and higher consumer confidence is driving the sales rebound,' he added.

Total housing inventory at the end of February increased to 1.63 million, up from 1.59 million existing homes available for sale in January, a 3.2% increase from 1.58 million a year ago. Unsold inventory is at a 3.5 month supply at the current sales pace, down from 3.9 months in January but up from 3.4 months in February 2018.

Properties remained on the market for an average of 44 days in February, down from 49 days in January but up from 37 days a year ago and 41% of homes sold in February were on the market for less than a month.

'For sustained growth, significant construction of moderately priced homes is still needed. More construction will help boost local economies and more home sales will help lessen wealth inequality as more households can enjoy in housing wealth gains,' Yun pointed out.

A breakdown of the index figures shows that sale in the Northeast were unchanged month on month and up 1.5% year on year with a median price of $272,900, up 3.8% from February 2018. In the Midwest, sales rose 9.5% month on month, more or less unchanged February 2018 with a median price of $188,800, which is up 5.4% year on year.

Sales in the South increased by 14.9% on a monthly basis but are own 0.4% year on year with a median price of $219,300, up 2.5% from a year ago. In the West sales increased strongly by 16% month on month and were up 7.9% year on year with a median price of $379,300, up 3% from February 2018.

Source: PropertyWire.com

Canadian home sales fell sharply in February

Sales in Canada fell by 9.1% month in month in February and are 4.4% below where they were in the same month in 2018, the latest agent figures show.

The data from the Canadian Real Estate Association (CREA) also shows that average house prices fell nationally by 5.2% to $468,350, while the number of newly listed homes were down by 3.2% on a monthly basis.

The index report points out that the national average price is heavily skewed by sales in Greater Vancouver and the Greater Toronto Area, two of Canada's most active and expensive markets. Excluding these two markets the national average price was just under $371,000.

It means that sales activity was almost 12% below the 10 year February average. In British Columbia, Alberta as well as Newfoundland and Labrador, sales were more than 20% below their 10 year average for the month.

'February home sales declined across a broad swath of large and smaller Canadian cities. The housing sector is on track to further reduce waning Canadian economic growth,' said Gregory Klump, CREA's chief economist.

'Only time will tell whether successive changes to mortgage regulations went too far, since the impact of policy decisions becomes apparent only well after the fact. Hopefully policy makers are thinking about how to fine tune regulations to better keep housing affordability within reach while keeping lending risks in check,' he added.

The index also found that there were 5.7 months of inventory on a national basis at the end of February 2019, a three and a half year high and a little above its long term average of 5.3 months.

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That said, there are significant regional differences. The number of months of inventory has increased far above its long term average in Prairie Provinces and Newfoundland and Labrador. As a result, homebuyers there have an ample choice of listings available for purchase. By contrast, the measure remains well below its long term average in Ontario and the Maritimes.

Trends continue to vary widely among the 17 housing markets tracked by the index, a breakdown in the figures show. Results remain mixed in British Columbia, with prices down on a year on year basis in Greater Vancouver by 6.1% and the Fraser Valley by 2.8%. By contrast, prices increased by 3% in Victoria and were up 7.7% elsewhere on Vancouver Island.

Prices were up from year ago levels in Guelph by 6.8%, in the Niagara Region by 6.5%, in Hamilton-Burlington by 5% and the Greater Toronto Area by 2.3%. By contrast, home prices were up by just 0.2% in Oakville-Milton, while in Barrie and District prices b=fell by 4.3%.

Across the Prairies, supply is historically elevated relative to sales and home prices were down from year ago levels. Prices were down by 4.4% in Calgary, 4.5% in Edmonton, 5.1% in Regina and 3% in Saskatoon. The report says that the market it likely to remain weak in these cities until demand and supply come back into better balance.

Home prices rose 7.4% year on year in Ottawa, by 6.2% in Greater Montreal and by 1.6% in Greater Moncton.

Source: PropertyWire.com

Estate agents fees in Europe are cheapest in the UK

New research has found that home sellers in the UK pay much less in estate agent fees than other countries in Europe, and appear to pay less than anyone else.

Although there can be a lot of criticism about the fees charged, particularly by High Street agents, an analysis shows that the UK is the cheapest in Europe with owners paying an average of 1.2% of the sale price.

This is lower than all other European countries, with the next cheapest 1.25% in Denmark and 1.75% in Ireland, the only nations where owners pay under 2%. At the other end of the scale, home sellers in Romania are paying 6% commission.

The analysis from estate agent comparison site GetAgent also found that among the cheapest are Greece at 2%, Lithuania at 2.25% and Spain at 2.75%. Belgium, Croatia, Estonia, Luxembourg, the Netherlands and Poland all come in at 3%.

Fees are 3.5% in Austria, and 3.75% in Finland, while they are 4% in Czech Republic, Latvia, Hungary, Portugal, Slovenia and Sweden. They come in at 4.5% in Germany, Slovakia and Italy and 5% in France, Cyprus and Malta.

If there was a 6% fee in the UK, on the current average house price of £228,147 it would result in a commission payment of almost £14,000.

'I think it's fair to say that estate agents in the UK have a tough time of it when it comes to justifying their fees, with the predominant opinion being that they charge to much for the service provided,' said Colby Short, GetAgent's chief executive officer.

'This really isn't the case and as this research shows, the UK is actually home to the lowest estate agent fees in the EU and therefore you could argue, the best service as well. Of course, the price of property means there is a degree of relativity and the 6% commission you might pay in Romania will be a lot lower due to the lower cost of getting on the ladder,' he pointed out.

'However, this can also be said for the earning potential available and while we aren't comparing apples for apples in a monetary sense, we wanted to highlight that actually, the fees charged in the UK are, and have historically been, very low,' he explained.

'So while you consider if three to four thousand pounds is a justifiable spend when selling a property for hundreds of thousands, remember you could be paying upward of ten thousand if you were to live in another area of Europe,' he added.

Source: PropertyWire.com