REIANEWS

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REIA
REAL ESTATE INSTITUTE
OF AUSTRALIA

Mr Adrian Kelly
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the July edition of REIA News.

With the passage of legislation providing tax cuts for many Australians coinciding with tax return time this month's REIA News features articles by the ATO and the CPA offering helpful advice on completing tax returns to the owners of rental property, small businesses and individuals. The ATO article also provides a link to a toolkit.

The post election return to confidence in the housing market noted in last month's edition has continued. Most markets have seen higher levels of enquiry and with two cuts in interest rates and changes in APRA's requirements we have most likely marked the bottom of the cycle.

Mr Adrian Kelly
REIA PRESIDENT

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PROTECTING YOUR INVESTMENT – JIN'S WINNING STRATEGY

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

terri scheer

Imagine this scenario. **37-year-old Jin is a property investor. Jin lives in Sydney and owns seven investment properties across Sydney and Brisbane. She invested in property to build her family's financial security and prosperity.**

But like any investment, buying property was a risk, so Jin insured her investments with Terri Scheer landlord insurance policies. It was a winning strategy.

What went wrong? Jin owns an investment property in Edmondson Park, Sydney. The house was brand new, with no previous tenants. Her first tenants were a young couple in their 30s.

The weekly required rental payment was $600. Not long into the tenancy, the tenants started to miss payments and tried hard to avoid being evicted when confronted for not paying.

What action was taken? Jin's property manager – Jane Lin from Victory Lease – commenced proceedings through the New South Wales civil and administrative tribunal (NCAT) to have the non-paying tenants evicted. Four months later, termination was granted and the tenants moved out of the property.

How did insurance help? Without insurance, Jin would have been nearly $15,000 out of pocket financially. However, her landlord insurance policy protected her investment and covered this loss.

Jin's Terri Scheer landlord insurance policy costs her around only one dollar per day.

When Jin's tenants were evicted, her property manager found they had also damaged parts of the property. Some items had also been stolen.

Terri Scheer's landlord insurance policy also allowed Jin and her property manager to claim for months of loss of rent (arrears) and loss of rent for when the property was untenantable while repairs were completed – which took around four weeks.

Jin's landlord insurance claim by numbers

Reason	Value
Loss of rent (arrears)	$7,225.71
Loss of rent (untenantable whilst repairs completed)	$2,400.00
Accidental damage	$2,511.65
Deliberate damage	$500.00
Malicious damage	$1,000.00
Theft	$50.00
Bailiff fee	$300.00
Replacement of locks	$250.00
Representation costs	$198.00
Total amount paid by Terri Scheer	**$14,435.36**

Jin's landlord insurance claim included claims for multiple insurable events, none of which could have been foreseen when her tenants entered the property.

While the majority of tenants do the right thing and respect their landlord's property, some tenants like Jin's do not.

When Jin's tenants stopped paying rent, it put her under significant financial pressure. While rent isn't being received, the mortgage and bills still need to be paid.

Having a landlord insurance policy saved Jin a lot of money.

Why choose Terri Scheer Insurance?

Terri Scheer Insurance is Australia's leading landlord insurance specialist and was established in 1990. Part of the Suncorp Group, we insure nearly 200,000 investment properties.

That's a major vote of confidence from Australia's rental property owners.

While some other insurers include landlord insurance as an add-on product, it is the Terri Scheer Insurance specialty. Our sole focus is to support landlords to protect their investments and safeguard their wealth.

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

Carolyn Parrella is an experienced rentvestor, Airbnb host and the executive manager of Australia's leading landlord insurer Terri Scheer Insurance. Under Carolyn's guidance, Terri Scheer Insurance supports landlords and gives them the confidence to invest in real estate. Carolyn is a nationally-respected real estate media commentator, a finalist in the 2019 Telstra South Australian Business Women's Awards, and a former Real Estate Institute Awards judge.

WE HAVE INCLUDED INFORMATION FROM THE ATO AND CPA AUSTRALIA PROVIDING HELPFUL ADVICE FOR COMPLETING TAX RETURNS

Australian Government
Australian Taxation Office

TAX TIME
RENTAL PROPERTY OWNERS TOOLKIT

RENTAL PROPERTY OWNERS

In a recent review of individual tax returns, the ATO found that nine out of 10 individuals with a rental property were making mistakes. Many Australians aren't confident that they have the knowledge and information to accurately prepare and lodge their tax return.

In response to this, the ATO have created a new rental property owners toolkit. This has been designed to help rental property owners and their agents get the information they need to lodge correctly.

The toolkit focuses on areas where mistakes are commonly being made, including:

- interest on a loan you take out to purchase a rental property
- borrowing expenses incurred when taking out a rental property loan
- repairs, maintenance and capital expenditure
- renting out a room, a unit or a whole house on an occasional basis through the sharing economy.

www.ato.gov.au/taxtimetoolkits

The ATO have developed three simple steps to help rental property owners prepare their return:

1. **Include all the rental income you receive**

This includes income from short term rental arrangements (eg a holiday home), sharing part of your home, and other rental-related income such as insurance payouts and rental bond money you retain.

2. **Get your expenses right**

- Eligibility – Claim only for expenses incurred for the period the property was rented or when you were actively trying to rent the property on commercial terms.
- Timing – Some expenses must be claimed over a number of years.
- Apportionment – Apportion your claim where your property was rented out for part of the year or only part of your property was rented out, where you used the property yourself or rented it below market rates. You must also apportion in line with your ownership interest.

3. **Keep records to prove it all**

You should keep records of both income and expenses relating to your rental property, as well as purchase and sale records.

For more information go to www.ato.gov.au/rental

Watch short rentals videos at www.ato.gov.au/rentalvideos

Download a free Rental properties guide at www.ato.gov.au/rentalpropertyguide

Read the Guide to capital gains tax at www.ato.gov.au/cgtguide

TAX TIPS
CPA AUSTRALIA

Paul Drum
General Manager
External Affairs
Policy & Advocacy
CPA Australia

Tax Time Tips for 2019 from CPA Australia

With the Federal Election now behind us, the much-anticipated cut to the Reserve Bank's cash rate and the end of financial year fast approaching, CPA Australia has again turned its mind to Tax Time 2019.

CPA Australia is once more seeking to help Australians ensure they make the right economic decisions before year end, to claim what they are legally entitled to claim, and to provide some tips on what to watch out for this tax season.

Tax can be confusing and with a complex and ever-changing system, there are always new issues and topics of which to be aware. CPA Australia's 2019 *Tax Time Tips* will assist you - whether you are a small business, an employee, an investor or even a student.

Each tax time brings the opportunity to review your tax affairs and get professional advice from registered tax agents, including CPA Australia public practitioners.

CPA Australia's head of external affairs, Paul Drum said "if you run a business then it's always wise to get your tax affairs in order and check that you're up to date on employee payments, superannuation contributions, asset purchases or trust obligations by 30 June. After 30 June is when you need to bring your records together and get to a tax agent to lodge your income tax return.

"It is important to be aware that the ATO is continuing its focus on small business and individuals through a number of compliance initiatives, and has additional funding to examine the cash economy and whether the information in tax returns is correct," he said.

"The ATO has indicated that small businesses are underpaying income tax by around $10 billion per annum, while the tax gap for individuals is estimated at $8.7 billion per annum. That's a lot of outstanding tax," said Drum.

Drum added "the increasing use of pre-filled data in tax returns from third parties such as banks and the shift to single touch payroll means that many tax returns may not be ready for lodgment until late July - or even mid-August if you have private health insurance. It's best to wait until you have all your appropriate data before lodging. Otherwise, you might need to amend your tax return and pay additional tax later."

To find out more, speak to a CPA Australia-registered tax agent about your specific circumstances.

To find a CPA in your local area, visit the CPA Australia website.

Tax tips for small business

Running a small business is always a challenge and tax can often be an afterthought. It's important to make time around the end of the financial year to look at your books, make sure youre up to date on your tax obligations and, most importantly, access any tax concessions that are available to help your business.

A visit to your tax agent can also give you the opportunity to step back, evaluate your business performance and prepare for the next financial year.

CPA Australia's head of external affairs, Paul Drum said that "When it comes to your tax return, keep in mind that the ATO has received additional funding through the Black Economy Taskforce to enhance its compliance checks and increase its audit activities. Small businesses should ensure their bookkeeping and lodgments are correct and up to date."

"It's also a good idea to be up-front and honest with your agent and the ATO. The ATO is getting smarter with its data, and taxpayers are increasingly being contacted regarding their income and expense claims, including where there are discrepancies in returns when compared against pre-fill data from third parties, such as banks or business benchmarks. With

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the ATO having access to increased resources to deal with the cash economy, the onus is on business owners to correctly report their income, claim their expenses and have the appropriate records" he said.

Your tax agent is required to take reasonable care when preparing your return which means they may ask you detailed questions about your cashflow, business performance, personal use of assets and records.

If you've made errors or need to correct your business records, speak with a CPA Australia-registered tax agent who can work with you and the ATO to get things right.

Drum also advised that all taxpayers should "remember to obtain professional tax advice, especially in areas where more complex tax issues arise. This includes structures, capital gains tax, personal services income, trust declarations and distributions, and private company loans."

Top 10 tax tips for small business

Before 30 June:

1. Check if you're entitled to the $30,000 instant asset write-off for equipment first used or installed ready for use

2. Make trust resolutions

3. Document the streaming of trust capital gains and franked dividends

4. Review private company loans

5. Consider deferring certain income and bring forward certain deductible expenditure

6. Write-off bad debts

7. Pay employee bonuses and employee superannuation entitlements

8. Review your post-1 July 2015 losses to see if they satisfy the business continuity test

9. Check if the personal services income rules apply

10. Maintain good records, accurate account codes and properly account for private use.

Further information: https://www.cpaaustralia.com.au/professional-resources/taxation/tax-tips/small-business

Tax tips for employees

It's that time of the year again when you pick up your box of receipts – or maybe you've organised them in the ATO's myDeductions tool this time – and make an appointment with your tax agent to work out your annual refund.

CPA Australia's head of external affairs, Paul Drum said "this year is different – with so much information being pre-filled into your tax return by the ATO from external sources such as employers, banks and private health insurers, it makes good sense to wait until all that data is finalised before lodging."

"For example, for many employees, your income statement (formerly known as a payment summary or group certificate) may not be 'tax ready' until 31 July, while your private health insurance information may only be available by mid-August. If you lodge before that information is available, you're potentially finalising your tax return with different amounts and you may need to amend your tax return later and pay additional tax," he said.

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TAX TIPS
CPA AUSTRALIA

» *continued*

Top 10 tax tips for employees

1. Make sure you have the required records and can substantiate your claims.

2. Claim your work-related deductions such as employment-related mobile phone, internet usage, computer repairs, union fees and professional subscriptions.

3. Claim home office expenses for the dedicated work area in your home such as heating, cooling, lighting and office equipment depreciation.

4. Where you pay for self-education relating to your current work activities, ensure you claim expenses such as course fees, textbooks, stationery, student union fees and the depreciation of assets such as computers, tablets and printers.

5. Claim depreciation on tools, equipment or other assets you purchase for over $300 that help you earn your income, such as tools for tradespeople, calculators, briefcases, computer equipment and technical books purchased by an employee, or minor items of plant and equipment purchased by a landlord.

6. If you use your own car in performing your work-related duties, make sure you maximise motor vehicle deductions either using the cents-per-kilometre basis or the logbook method.

7. Remember that you can't claim the full amount of a deduction unless you have already spent the money.

8. Claim donations that aren't already pre-filled for you.

9. Report income and expenses from the gig economy and any side-hustles.

10. Get your superannuation in order – consider salary sacrifice, contributions, co-contributions and consolidation.

While there's nothing wrong with maximising your refund, just remember the ATO has been given additional funding to tackle incorrect deduction claims and the non-reporting of income. The ATO will receive the details of your deductions data from your tax agent or myTax which it checks against its data holdings.

So, before you claim, just remember that for an expense to qualify:

- you must have spent the money yourself
- it must be directly related to earning your income
- it must not have been reimbursed
- you must have the relevant records to prove it.

Tax tips for investors

Putting your savings to good use through investing is an important strategy to maximise your wealth, and property, financial markets and other investments, both here and overseas, are popular ways to build wealth. But often the tax consequences can be forgotten, or even misunderstood. A CPA Australia-registered tax agent can help you navigate the often-complex rules and concessions related to your investments, including capital gains tax.

CPA Australia's head of external affairs, Paul Drum said "keep in mind that the ATO's data matching and information exchange capabilities continue to evolve and now cover many capital transactions and investment revenue streams in Australia and overseas.

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It is therefore more important than ever to report investment income, including from abroad, maintain accurate records, correctly calculate capital gains or losses on disposal and to ensure your tax affairs are in order."

"This year, the ATO has a specific focus on rental properties to ensure all rental income is reported and that rental expense claims are correct. The ATO's most recent random checks of rental claims found 90 per cent contained an error and it plans to double the number of audits on rental deductions," he said.

Top tax tips for investors

1. Claim your expenses for rental properties, including interest on investment loans, land tax, repairs and maintenance, agent's commission, and don't forget depreciation and capital works deductions.

2. Don't claim expenses for assets that were in the property at the time of purchase, or for travel expenses to visit your property.

3. Make sure that your property is being rented out or is ready and available for rent, especially for properties such as holiday houses.

4. Ensure you report any gains or losses from cryptocurrencies, especially as the ATO is now data-matching information from digital exchanges.

5. Ensure you report any income, expenses, gains or losses from foreign investments if you are an Australian resident for tax purposes. Also check your entitlement to any foreign tax credits for tax you paid overseas.

6. If there are multiple owners in an investment, ensure that income and expenses are correctly apportioned.

7. For capital gains tax events, make sure that you keep the asset for the 12-month holding period to be eligible for the discount, check your tax residency status and seek advice to ensure the gain is calculated correctly.

8. Keep proper records for all your investments and ensure that you keep them for at least five years after a capital gains tax event occurred.

9. Watch out for investments being promoted as 'tax effective' and seek independent advice before making a decision.

REI SUPER APPOINTS NEW CHIEF EXECUTIVE

Jarrod Coysh,
newly appointed
CEO, REI Super

Following the announcement that long serving Chief Executive, Mal Smith will be stepping down from the role after 15 years at the helm, REI Super's Chairperson Claire Higgins announced today the name of the newly appointed CEO, Jarrod Coysh.

"Jarrod will be taking up the role from 29th July and we are excited to work with him as we take the Fund to the next stage" said Higgins. Coysh was previously the Group Executive, Employers, Strategy & Corporate Development at industry fund Cbus. Higgins went on to say "Jarrod has all the right experience to lead a boutique fund like REI Super forward and help achieve better retirement outcomes for our members".

Coysh has more than 20 years experience in financial services and has been with Cbus for the last four years. He has previously held senior roles at ANZ, NAB and Westpac across retail, corporate and institutional businesses, so he will bring a strong commercial focus and skillset to the role. He also has a strong strategy background having been a principal at the Boston Consulting Group. Coysh also brings his experience of working with community sector organisations in non-executive director roles and as an officer with the Country Fire Authority.

Ms Higgins went on to say "The Board is delighted that after a thorough search and rigorous selection process, we have been able to secure the appointment of Jarrod as the fund's new Chief Executive."

"The Board is certain that REI Super members will benefit from his breadth of skills and deep experience in financial services and superannuation" noted Higgins.

Coysh expressed his pleasure at joining REI Super and is relishing the prospect of leading the Fund through the next important growth phase, looking to bring more opportunities to REI members that will help improve their retirement outcomes.

Higgins went on to thank Mal Smith again for his untiring efforts. She said "Mal has guided REI Super with a firm and trusted hand, and we would like to offer Mal our sincerest thanks for his dedication and excellent leadership over the past decade and a half. Under Mal's guidance, REI Super has grown from a fund with $400 million FUM to $1.6 billion FUM as well as delivering innumerable enhancements and value to our members, including more investment choices, additional advice services, better technology, post retirement productsand converting to becoming a public offer fund. "

» ***About REI Super*** *REI Super is Australia's industry super fund for real estate professionals with 28,000 members and more than $1.6 billion in funds. The fund is public offer, and open to anyone, with a focus on those working in real estate and property related businesses across Australia.*

REI Super provides a range of superannuation services, including super and retirement options, as well as tailored Death, Total and Permanent Disablement and Salary Continuance insurance for members. As an industry fund, they offer professional investment management with competitive fees, a record of strong returns, personalised service and a choice of investment options.

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TOP FOUR CYBER INSURANCE MYTHS DEBUNKED

Cyber-attacks and cybercrime have been a hot topic for the last few years. Every week there's a new update on cyber risks to business, the likelihood of an attack and big news stories such as WannaCry, Red Cross and Ashley Maddison. At Aon, we know that claims are on the rise, and we all know that Data Breach Notification Laws are here to stay.

But what is the actual risk to you? And if you are a small business do you really need insurance?

We tackle a few common cyber insurance myths that may help you decide if the risk is worth the cost.

1. "I am not a large business, cyber is just not an exposure for me"

Hackers are increasingly targeting small businesses as their data security tends to be less advanced than larger businesses. In The Small Business Cyber Security Best Practice Guide[1], the Australian Small Business and Family Enterprise Ombudsman asserts that:

- 43% of cybercrime targets smaller businesses.
- 22% of smaller businesses hit by cyber-attacks are so badly affected they cannot continue operating.
- 60% of smaller businesses that experience a significant cyber breach go out of business within the next 6 months

2. "My IT guy knows his stuff, he is a guru"

Firewalls, a quality IT team and antivirus protection are all great strategies around data protection, but they are not the silver bullet. Ask yourself this, how could companies like Yahoo, JP Morgan Chase, eBay and Target Stores with their large IT teams, and robust IT systems still experience data and security breaches[2], resulting in significant financial losses into the millions, as well as reputational damage to their business?

3. "I outsource to a Cloud provider – they'll take care of it"

When outsourcing to a third party (60% of Australian companies use cloud computer services), you don't outsource your liability or responsibilities for the data that is managed externally. You'll still be liable if a breach occurs at your service provider's end. If your clients are providing you with their information (whether it be corporate information or personal), you have a duty of care, and are responsible for the safety of that information.

4. "I've got insurance, I am fully covered for any cyber exposure"

Are you? When we consider the speed and complexity of cyber risk and exposures and how they evolve, ask yourself if your conventional insurance policies are evolving at the same pace?

While endorsements are a nice to have, the traditional insurance policies were never designed or rated to cover cyber risks and will only ever provide partial cover, if any at all. It's important to do your homework and clarify what's covered and what limitations are associated with it.

The truth is that cyber is no different to any non-statutory insurance being that you have a choice to insure or self-insure. However, the same way you would assess both options for your buildings and contents, your business needs to undertake the same assessment before determining whether to insure or self-insure your data and information.

To find out more about cyber insurance or get a quote please visit aon.com.au/realestatecyber or call **1300 734 274**

1 https://www.asbfeo.gov.au/sites/default/files/documents/ASBFEO-cyber-security-research-report.pdf

2 http://fortune.com/2018/10/24/yahoo-settlement-data-breach/; https://www.bankinfosecurity.com/ebay-a-6858

Professional indemnity claims: A real risk for real estate professionals

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

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

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

1300 734 274
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MILLENNIAL FIRST HOME BUYERS URGED TO BUY NOW BEFORE START OF THE FIRST HOME LOAN DEPOSIT SCHEME

This article is brought to you by Ray Ellis, CEO of First National Australia

Opportunity to capitalise on record low interest rates and stamp duty concessions

first national REAL ESTATE
We put you first

Millennials and younger first home buyers may not yet have seen the urgency but First National Real Estate's chief executive Ray Ellis is urging them to get off the sidelines and seize their opportunity to buy now before the Morrison Government's First Home Loan Deposit Scheme takes effect on 1 January 2020.

"We have record low interest rates and more cuts on the way, APRA has reduced serviceability buffers, there are substantial stamp duty concessions available, and the federal government's 5% deposit scheme is just months away from implementation" says First National Real Estate's chief executive, Ray Ellis.

"With Sydney and Melbourne's housing markets having recorded their first months of growth since the market peak in 2017, and the rate of house price falls in other capitals clearly slowing, we will see significant numbers of first home buyers finding the confidence to enter the market from January next year."

The Government's First Home Loan Deposit Scheme will be available to 10,000 would-be homeowners in 2020, however with the Australian Bureau of Statistics indicating January 2019 saw 8,500 first home buyers step onto the property ladder, the chances are high that many first home buyers will have missed out on the scheme before the end of February 2020.

"By the time buyers are certain that house prices have returned to growth, which usually takes at least three or four months, the price of an average home may have risen by twenty to thirty thousand dollars or more," says Mr Ellis.

"And by then, we're into December when the number of homes for sale usually reduces substantially. Buyers that already have their deposit saved, but who are waiting for prices to stop falling, are likely to be met with significantly greater competition and therefore higher prices in the New Year. APRA's loosening of lending rules has made it certain that more borrowers are now qualified for bigger loans".

First National Real Estate doesn't anticipate sudden changes in property prices between now and the end of the year, but some economists are already suggesting Australia's housing market may finish the year with prices between three to five percent higher than they were in January.

"For those that are ready to buy now, my recommendation would be to not hold back," says Mr Ellis.

MAKING NEWS

General national news

Leanne Pilkington, REINSW President, REIA Board Director (NSW)

LEANNE PILKINGTON RECOGNISED AS BEST OF THE BEST

Real Estate Institute of Australia board member Leanne Pilkington has been recognised for her outstanding contribution to the real estate profession in taking out the top gong at the inaugural REB Women in Real Estate Awards.

Australia's top female real estate professionals vied for awards in 20 individual categories and seven company awards.

REIA President Adrian Kelly said Leanne was a well deserving winner of the Association Professional of the Year Award.

"Leanne is an exceptional talent," he said. "Her leadership as REINSW President, REIA Board member and Laing+Simmons Managing Director gives her a strong voice in the industry and her positive contribution has led to her success."

All the category winners are considered for the Excellence Award with the one that scored the highest by the judges taking out the top title.

"Competition for the Excellence Award was fierce with Leanne beating the 26 other winners from 100 finalists and over 400 entries," Mr Kelly said.

"Leanne's ability to connect with real estate professionals is exceptional. Her support and encouragement of women to aspire to more senior positions and leadership roles makes her an outstanding ambassador."

REB Women in Real Estate Awards was held on 27 June 2019 at the Four Seasons Hotel in Sydney.

REIA PUBLICATIONS

REIA has published property market data and analysis for several decades. It has an excellent reputation as a highly credible source of information and considered opinion on the residential and commercial property markets in Australia.

REIA publications use information collated from a wide variety of sources including real estate agencies, industry and government. Both raw data and analysis are published in REIA reports.

The REIA Housing Affordability Report and the REIA Real Estate Market Facts may be purchased as a 6 or 12 month subscription. For more about the REIA Housing Affordability Report, click here. For more about the REIA Real Estate Market Facts publication, click here.

Also, "datacube" spreadsheets provide key information on quarterly median values, dating from the beginning of REIA data collection through to the current quarter, for all capital cities where data is available. For more information on REIA datacubes, please call 02 6282 4277.

INDUSTRY UPDATE

Industry news from around Australia

Victoria hits highest monthly clearance rate since April 2018

The auction market has definitely started to pick up in the aftermath of the Federal Election, as the Real Estate Institute of Victoria expected.

June 2019 recorded a 67 per cent clearance rate for Victoria which is the highest monthly clearance rate in more than a year, since April 2018. For Metropolitan Melbourne, it was 68.2 per cent, the highest since February 2018.

Glen Waverley and Bentleigh East were star performers during June with 29 and 24 sales in each respectively.

Craigieburn has led the pack in terms of total auction sales so far in 2019 with 114 sales, followed by Bentleigh East and Glen Waverley with 107 sales in each. In Reservoir and Mount Waverley 102 and 101 properties have sold under the hammer respectively.

APRA's advice to relax lending standards coupled with two interest rate cuts are likely to have also been positive factors in this resurgence in the auction market, with clearance rates of more than 70 per cent for the past three consecutive weekends.

The typically busy Spring season will be the true test to measure if the market has rebounded from a sluggish 2018.

Source: The Real Estate Institute of Victoria

REIWA calls for WA to take action and abolish stamp duty

REIWA welcomes the Productivity Commission Chairman, Michael Brennan's recommendation for state governments to abolish stamp duty and strongly urges the Western Australian government to take action.

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

"Despite WA currently being the most affordable state in the nation, many still find themselves priced out of the market or unable to move homes due to the heavy tax burden. It is imperative that the single greatest barrier to housing affordability is removed.

"REIWA has been a vocal advocate for the abolishment of stamp duty and supports long term tax reform that aims to eliminate this tax and move to a broad-based land tax regime.

"There are a number of flow-on benefits from a land-based tax regime. It would allow for greater housing mobility across the community. Households could locate closer to employment and activity centres, thus reducing congestion. Housing mobility is presently stymied by the current stamp duty regime," Mr Collins said.

Transactional activity has declined significantly over recent years in WA, 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, 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.

Source: The Real Estate Institute of Western Australia

Homes for Homes gives new hope to vulnerable Australians with social housing success

The keys to the first home funded with the support of social enterprise, Homes for Homes, have been handed over to a young family in housing stress.

The move represents a huge milestone in the organisation's journey to help solve the lack of social and affordable housing in Australia, the gap of which is projected to grow to one million by 2036[1].

Homes for Homes is an independent, not-for-profit organisation established by Australia's largest and most successful social enterprise, The Big Issue. It raises funds through donors, both individuals and property developers, agreeing to include a caveat on their property title, which enables a tax deductible donation of 0.1% of the sale price to be donated to Homes

1 Estimating the Needs and Costs of Social and Affordable Housing Delivery, UNSW City Futures Research Centre and Community Housing Industry Association, March 2019

» *article continues*

INDUSTRY UPDATE

Industry news from around Australia

» *continued*

for Homes. This funding is granted to experienced housing providers to increase supply of social and affordable housing.

Last year, Homes for Homes awarded $500,000 to fund a range of social and affordable housing projects, including a home built by Habitat for Humanity as part of its Yea development in regional Victoria.

Victorian couple, Jema and Romel, will move from a housing commission unit into the new home with their young daughter. They will service the interest free mortgage, based on 95 per cent of the market value of the completed home, and have also contributed 500 hours of time to help build their home.

It coincides with the opening of applications for a second round of funding to housing providers by Homes for Homes and will be followed by the completion of another property next month, developed by Havelock Housing, as part of its 'Homes for Heart' program to provide safe and secure long term accommodation for older women in Canberra.

Homes for Homes' Chief Operating Officer, Sally Hines said the success of these projects shows how quickly its funding can make a difference in the community.

"These homes are tangible evidence that we are creating a long-term generational solution that is on track to generate $1 billion over the next 30 years, which works because of the wonderful support we are getting from developers like Mirvac, Grocon and Capital Airport Group, community, business, and the Federal Government."

Assistant Minister for Community Housing, Homelessness and Community Services, Luke Howarth said that the Australian Government understands that housing is fundamental to the welfare of all Australians and is doing its share of the heavy lifting by providing more than $6 billion for housing support and homelessness services each year.

"It is important that we direct funds to innovative programs that will improve outcomes for those most in need. That is why we are investing $6 million in Homes for Homes."

For more information, visit homesforhomes.org.au.

Source: Home for Homes

More households renting as home ownership falls

The proportion of Australian households renting their home increased to 32 per cent in 2017-18, according to new figures recently released by the Australian Bureau of Statistics (ABS). This is an increase from 27 per cent in 1997-98.

Over the same 20-year period, the proportion of households that rented their home from a private landlord increased to 27 per cent (up from 20 per cent), while the proportion of public housing tenants decreased from 6 per cent to 3 per cent.

"Most of the increase in renter households was in the private rental market," said ABS Chief Economist, Bruce Hockman. "Some of the decrease in public housing numbers can be attributed to recent trends in social housing provision which have seen the community housing sector taking on an increasingly prominent role."

The proportion of households that owned their own home fell to 66 per cent, down from 70 per cent in 1997-98. The proportion of households that owned their home without a mortgage decreased to 30 per cent (down from 40 per cent), while the proportion who owned their home with a mortgage increased to 37 per cent (up from 31 per cent).

One in five households (20 per cent) owned one or more residential properties other than their usual residence. Of those households that owned other residential property, 71 per cent owned a single property, while 5 per cent owned four or more properties.

Housing costs remained steady for most household tenure types when compared to recent years. On average, in 2017-18, renters paid $366 per week on housing, while housing costs for owners with a mortgage were $484 per week.

"Interest rates have remained relatively low over the past several years and we have seen a recent softening in the rental market in some major cities," Mr. Hockman said.

The data shows that renters continued to devote more of their income to housing than home owners. On average, private renters paid 20 per cent of their income on housing costs, compared to 16 per cent for owners with a mortgage and 3 per cent for households who owned their home outright.

Lower income households spent a greater proportion of their household income on housing. On average, lower income households renting privately paid $339 per week which was 32 per cent of their gross weekly income. Lower income households who owned their home with a mortgage paid on average $376 per week which was 29 per cent of their gross weekly income.

Source: Australian Bureau of Statistics

POLITICAL WATCH

Information and news from government

Household wealth up slightly in March quarter

Household wealth increased 0.2 per cent in the March quarter 2019 to $10,242.6 billion, after a fall of 2.1 per cent in the previous quarter, according to figures released by the Australian Bureau of Statistics (ABS). The highest ever figure for household wealth was recorded in the September quarter 2018 ($10,422.3 billion).

The increase in household wealth in the March quarter was driven by real (inflation adjusted) holding gains on financial assets, offset by holding losses on residential real estate.

Chief Economist for the ABS, Bruce Hockman, said: "Residential real estate experienced its fifth consecutive quarter of real holding losses. However, household wealth per person fell by only $1,500 to $404,566 per person in the March quarter reflecting the impact of the rebound in the share market coming mainly through household superannuation reserves."

The ratio of mortgage debt to residential real estate assets was 29.0, up from 28.1 in the previous quarter, indicating that mortgage debt grew faster than the value of residential real estate owned by households. The rise reflects falling residential property prices rather than strong growth in mortgage debt. This was the strongest quarterly increase in the ratio since the September quarter 2011 and the ratio is now at its highest level since the June quarter 2013.

The figures released today also show that Australia's national investment declined $22.2 billion during the quarter to $100.9 billion. Mr Hockman noted that "the fall comes off the back of a record high last quarter of $123.1 billion." Mr Hockman added that "despite the decline national investment remains at high levels, driven by public infrastructure investment, particularly investment by state and local general government."

Australia continued to borrow from overseas to fund investment, borrowing $1.0 billion from non-residents during the March quarter as national investment exceeded national saving. In seasonally adjusted terms, Australia has been a net borrower from overseas since the September quarter 1975.

Source: Australian Bureau of Statistics

Small Business to be paid on time, every time

From 1 July, small and family businesses will receive payment for government contracts under $1 million in 20 days.

The Morrison Government is backing the 3.4 million small and family businesses that underpin Australia's economy by ensuring they get paid on time, boosting their cash flow and helping them grow.

We understand the importance of cash flow to small businesses – we know that cash flow is vital to each and every business, that is why we are doing everything we can to ensure businesses are paid on time.

A report from Xero last month found that half of all payments from big to small businesses were late, totalling more than $115 billion a year.

It is clear big business needs to do more to pay contracts on time and we will also continue to look at ways in improving this delay. The Government is working to require large businesses tendering for Commonwealth contracts to match the 20-day payment terms.

Also in development is an annual reporting framework requiring large businesses with over $100 million turnover to publish information on how they pay small businesses.

Our promise to small and family business is clear, we want them to pay less tax, cut red tape and have better access to finance to help grow their businesses.

We will also do more to help small and medium sized business compete for government contracts with our commitment to have 35 per cent of all contracts up to $20 million delivered by small and medium businesses.

Because of our plan 3.4 million small and medium businesses will pay less tax, down to 25 per in 2021-22.

We have cut nearly $6 billion in Commonwealth red tape, while improving

» *article continues*

POLITICAL WATCH

Information and news from government

» *continued*

the ability of small business to offer employee share schemes and extending small and medium businesses access to the $30,000 instant asset write off.

Sources:

Senator the Hon Mathias Cormann
Minister for Finance
Leader of the Government in the Senate
Senator for Western Australia

Senator the Hon Michaelia Cash
Minister for Employment, Skills, Small and Family Business
Senator for Western Australia

Dwelling approvals fall in May

The number of dwellings approved in Australia fell by 0.5 per cent in May, in trend terms, according to data released by the Australian Bureau of Statistics (ABS) recently.

"The overall decrease was driven by a decline in private sector houses, which fell 1.3 per cent in trend terms," said Daniel Rossi, Director of Construction Statistics at the ABS. "This was partially offset by an increase in private dwellings excluding houses, which increased 0.6 per cent."

Among the states and territories, total dwelling approvals fell in the Northern Territory (6.1 per cent), Tasmania (3.9 per cent), Victoria (1.5 per cent), Western Australia (0.7 per cent) and New South Wales (0.7 per cent), in trend terms. Increases were recorded in the Australian Capital Territory (7.2 per cent), South Australia (0.4 per cent) and Queensland (0.4 per cent).

Approvals for private sector houses fell 1.3 per cent in trend terms, driven by a continued slowdown in the eastern states. Declines were recorded in New South Wales (2.9 per cent), Victoria (1.3 per cent), Western Australia (0.7 per cent) and Queensland (0.1 per cent), while South Australia was flat.

In seasonally adjusted terms, total dwellings increased 0.7 per cent in May, with a rise in Victoria (14.4 per cent) driving the national increase. Meanwhile falls were recorded in Queensland (6.3 per cent), Western Australia (4.7 per cent), South Australia (2.9 per cent) and Tasmania (1.2 per cent), while New South Wales was flat. Private dwellings excluding houses rose 1.2 per cent, while private house approvals decreased 0.3 per cent.

The value of total building approved fell 0.2 per cent, in trend terms. The value of residential building declined 0.6 per cent, while non-residential building rose 0.3 per cent.

Source: Australian Bureau of Statistics

Downsizer contributions reach $1 billion

Older Australians downsizing from their family homes have contributed $1 billion to their superannuation funds, building up retirement incomes and freeing up housing for younger families, Minister for Housing and Assistant Treasurer, Michael Sukkar announced today.

"I am pleased to announce that today contributions have reached $1 billion." Mr Sukkar said.

Key recent data shows:

- 4,246 individuals have utilised the Downsizer measure;
- 55% of contributions have been made by females and 45% from males;
- Individuals from every state and territory have made Downsizer contribution with the top three states being, NSW (31%), VIC (26%) and QLD (24%).

The Downsizer Measure was one of several announced in the 2017/18 Budget as part of the Coalition Government's package of reforms to reduce pressure on housing affordability in Australia.

The Measure which commenced on 1 July 2018, allows older Australians choosing to sell their home and downsize or move from homes that no longer meet their needs, to contribute the proceeds from the sale of their home into superannuation up to $300,000.

More information on the Downsizer Measure can be found at the Australian Taxation Office website.

Source: The Hon Michael Sukkar MP, Minister for Housing, Assistant Treasurer

Walid Moussa

WALID MOUSSA INSTALLED AS WORLD PRESIDENT OF THE INTERNATIONAL REAL ESTATE FEDERATION

Walid Moussa, was installed as the World President for the International Real Estate Federation (FIABCI) for 2019-2020, succeeding to Assen Makedonov from Bulgaria.

The new president took up his post during an official ceremony at the 70th FIABCI World Congress, held in the World Trade Center in Moscow.

In his speech, the new president underlined the power of his organization to "share the best practices worldwide and connect real estate professionals from across the globe." The Federation includes members in 70 countries, including 100 professional associations and 65 academic institutions. The members work in all types of property sectors and represent all real estate disciplines including brokerage, property management, valuation, investment, development, consulting, legal, architecture, planning and insurance, among others.

The new elected President announced that he plans to "reinforce the role of young professionals in this organization by welcoming more young members and assigning them key positions."

He also added that one of his top priorities is to "integrate technology into the system of the Federation, allowing members to better communicate and do more business together."

On another side Moussa assured that he is fully committed to the partnership with the UN Habitat program, whether in implementing the CPI or in working on projects that seek to finance affordable housing in different continents, knowing that FIABCI holds special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

In 2017, Moussa was elected World Vice President during FIABCI 68th World Congress in Andorra. According to the Federation's statutes, the Vice President automatically becomes President-elect for a one-year term before assuming his/her post. Moussa is the Founding President of FIABCI Arabic Countries and President of the Real Estate Syndicate of Lebanon "REAL".

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THE WORLD

Property news from around the world

Annual price growth in Ireland falls to lowest level for five years

The annual rate of house asking price inflation nationwide in Ireland has fallen to its lowest level in five years, according to the latest house price report.

The report from MyHome also shows that price growth in Dublin has entered negative territory for the first time since 2013. However, despite the downward trend in the annual inflation rate, prices are continuing to rise, although at lower rates.

Overall, the report, which is published in association with Davy, found that annual asking price inflation has now slowed to 2.4% nationwide, while in Dublin it is down €2,300 year on year.

The report found that asking prices for newly listed properties nationally increased by €5,000 in the second quarter of 2019 while they rose by just €2,000 in Dublin. This was the weakest second quarter gain in the capital since 2012.

Meanwhile, outside of Dublin there was stronger growth, with prices increasing by €7,000 on the quarter, and by just over €10,000 year on year.

This means the mix-adjusted asking price for new sales nationally is €276,000, while the price in Dublin is €382,000. Newly-listed properties are seen as the most reliable indicator of future price movements.

The author of the report, Conall MacCoille, chief economist at Davy, said that while the price falls may fuel fears of a more damaging downturn, the reason for the price falls this time round were as a result of increased regulation.

'The current slowdown in price inflation is largely due to the Central Bank's lending rules and stretched affordability. These factors are preventing the latent housing demand from translating into rampant house price inflation fuelled by rising leverage on mortgage loans,' he explained.

'Ireland's economy continues to perform well and the property market will continue to be underpinned by high employment and wage growth. While the economy has been driven by strong foreign direct investment, export growth and a slow rebound among indigenous companies, the recovery in homebuilding is still in its infancy,' he added.

According to Angela Keegan, managing director of MyHome.ie, the fact that there are more transactions, more properties on the market and more sustainable price increases are all positives for prospective buyers.

'The environment for buyers is becoming much more favourable, with 22,600 homes listed for sale in June 2019 on MyHome, up 4.5% on the same period of 2018. The improvement is especially marked in Dublin, with 5,400 homes listed for sale on MyHome, up 9% on last year,' she said.

Source: PropertyWire.com

REINZ House Price Index (HPI) increases 1.8% annually

The REINZ House Price Index for New Zealand, which measures the changing value of property in the market, increased 1.8% year-on-year to 2,749.

The HPI for New Zealand excluding Auckland increased 6.5% from May 2018 to 2,719. The Auckland HPI decreased -3.3% year-on-year to 2,786.

In May, the Manawatu/Wanganui region again had the highest annual growth rate, a 15.5% increase to a new record high of 3,046, followed by Southland in second place with an annual growth rate of 14.1% to 2,899 and in third place was Otago with a 9.9% annual increase to a new record high of 2,921.

Tasman/Nelson/Marlborough/West Coast also experienced a new record high index level of 2,366, up 6.9% from the same time last year.

In May, the REINZ HPI saw 11 out of 12 regions experience an annual increase in their index level, Auckland was the only region to experience a decrease.

Source: Real Estate Institute of New Zealand

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