REIANEWS

ISSUE 98: JUNE 2020

IN THIS ISSUE

Mr Adrian Kelly
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the June edition of REIA News.

Whilst the Corona Virus and its impact on our lives, businesses and the broader economy has been ever present we are shifting to a new phase. House opens are resuming with appropriate safeguard measures as are auctions. Rentals, in particular the ability to maintain payments, remain problematic for many tenants.

It is against this background that REIA, with the assistance of its member state and territory Real Estate Institutes, has made a submission to the Commonwealth Treasury on measures that will support the real estate industry post September when the current assistance measures of JobKeeper and JobSeeker are scheduled to cease.

The focus of the proposed measures recognised that Australia's property industry has been a main driver of economic growth and increased employment over a continued period as we have transitioned away from a reliance on mining. It stands to reason then that in these unprecedented times Government would consider a stimulus to the sector to boost expected low levels of unemployment and address growth in the Australian economy.

In these times of economic uncertainty, more than ever we are being bombarded by "expert opinions" on expectations on house prices. We are in unprecedented times and anyone that suggests they can forecast with any acceptable degree of probability is being highly fanciful. We can only look at what is happening in the market place at the moment as well as in previous times of high unemployment to provide pointers to likely outcomes. Currently we have a situation where listings are decreasing yet the enquiry level from prospective buyers is increasing. It is simple economics that when supply decreases and demand remains that prices don't drop. Whilst it is expected that higher levels of unemployment will provide a constraint on house prices the anticipated levels of around 10% unemployment have been experienced before in the early 1990s yet median house prices remained stable.

This month's REIA News continues with a focus on Coronavirus related articles. There are articles on superannuation, house prices, tax returns on rental property following this period of fire, floods and Coronavirus, and privacy rights with the Covid app.

With REIA continuing to make frequent statements on the evolving situation I would, again, like to recommend that you go to www.reia.asn.au/media/media-releases/ to find out about the latest developments.
I'd also recommend that you visit www.Australia.gov.au which gives you the latest Coronavirus news, updates and advice from government agencies across Australia including assistance available to individuals and business.

Mr Adrian Kelly

REIA PRESIDENT

Follow us on Twitter @REIANational

Super's a lot like property – the more attention you give it, the more likely it will grow.

Below are 4 simple things you can do today that could help improve your super and make a noticeable difference to how you retire.

1 Check your contact details

It doesn't sound important, but if you can't be contacted when legislation changes, you might miss out on important information.

When it comes to email addresses, our tip is to supply your personal email address, rather than your work email, that way your super fund can continue communicating with you even when you move jobs. Login into your account and update your details and communication preferences.

2 Investment option right for you?

You should choose where your money is invested, and be comfortable with your level of risk.

Tools such as risk profile quizzes will help you understand which investment options might be right for you and your circumstances.

We understand it's a volatile time for financial markets at the moment, but try not to panic and remember what goes down must come up. Call our helpline 1300 13 44 33. They can help you select investment options that you are comfortable with.

Did you know one of the ways REI Super supports the real estate industry is by investing in unlisted properties? Unlisted property assets are those investment assets that are not included in portfolios listed on the stock exchange. They are generally not readily available to individual investors. Read REI Super's latest unlisted property investment update.

3 Give your super a boost

Things might be challenging now, however as your situation changes you might want to consider boosting your super by making extra contributions. Whether you make a before or after-tax contribution, any amount can make a big difference to your retirement.

4 Are you properly covered?

As life changes, it's important to regularly review your insurance to ensure that you still have the right level of cover.

» *article continues*

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Most super funds usually provide Death, Total & Permanent Disability (TPD) and Income Insurance cover. REI Super services the real estate industry by offering a unique Income Protection Insurance type which caters for the predominantly commission based industry.

If you have accessed your super early, and your balance is now less than $6,000, or has been inactive for 16 months it is likely that you have lost your insurance. Check your account status today, and if you want your insurance cover to remain ensure that you opt-in to keep your cover.

Getting on top of your super is really important. So, as we start to reopen our businesses and lives, take some time to review your super account. A few small changes now can make a big difference to your future.

Not a member of REI Super? It's easy to switch to REI Super, now anyone can join.

» *Disclaimer: In presenting this information REI Super has not considered any individual person's objectives, financial situation or particular needs. Individuals need to consider whether the advice is appropriate in light of their goals, objectives and current situation. Members should obtain and read the Product Disclosure Statement for REI Super before making any decisions and consider talking to a financial adviser before making an investment decision. Past performance is no indication of future performance.*

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

AUSTRALIAN HOUSE PRICES TO DEFY EXPERT ECONOMISTS' PANDEMIC PREDICTIONS

PENT-UP PROPERTY DEMAND PRECURSOR TO SPRING REAL ESTATE LIFT

first national REAL ESTATE

We put you first

The real estate market has the potential to lift this spring, with pent-up pandemic property demand set to be a precursor to rising house prices – despite Australian expert economists flagging a prolonged downturn and falls in property prices of between 10% and 30%.

In alignment with both the Real Estate Institute of Australia (REIA) and the Real Estate Institute of New South Wales (REINSW), I am confident that with total real estate listings at their lowest levels and demand exceeding supply during the COVID-19 lockdown period, that the range of choice will remain low for buyers, leading to strong housing demand in spring.

If you step back from the distraction and noise of the predictions of economists, there are genuine factors pointing towards a strong recovery this spring, in a market characterised by first home buyers taking advantage of the percentage of investors who choose to exit, and families activating with long-held plans for change.

Across First National Real Estate's 300+ office network, member agents have reported a marked increase in lifestyle and regional property enquiries from city-based residents. This would appear to indicate that the COVID-19 lockdown has led to a re-assessment of property and life-goals priorities.

Unquestionably, while Australians have been in isolation and working from home, they've been researching their next move.

They've been considering future plans like upsizing, downsizing and leaving cities for regional locations, and it seems they're planning to bring forward plans that had previously been considered things they'd do in the distant future. Recently, for instance, CoreLogic reported a 15% surge in pre-listing activity.

Then there's the incredible competition in the loan market and its influence on the property market to consider as well.

One in fourteen Australians have taken the opportunity to defer their mortgage repayments and they're shopping for a better deal, given that 90 lenders have cut their rates. With more time to focus on their options, homeowners re-financed 26,000 loans in March, taking advantage of cash back re-financing offers that cover the cost of getting out of uncompetitive mortgage products.

With both small and large lenders looking to sure up their loan books and build market share, Australians are taking steps to secure better variable or fixed rates.

Unemployment is considered to be elephant in the room by commentators predicting substantial house price falls, but as the Real Estate Institute of Australia has pointed out, when there was a sustained period of unemployment above 10% during the 1980s and 1990s, median house prices remained stable or, by and large, increased.

While significant adjustments will play out in rental markets, there are currently only 3% more investment properties on the market than the long-term average, despite rising vacancies and falling rents. This factor presents substantial opportunities for first home buyers, whose level of participation is at the highest level since 2012.

Even though the May housing data showed a further slowing in house prices growth, or small falls in some segments, the data is negatively skewed by larger adjustments happening in the upper quartile of the marketplace than in the more affordable prices ranges.

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.

RELEASE DATES FOR THE 2020 REPORTS ARE AS FOLLOWS:

REIA Housing Affordability Report

- December quarter 2019 – Wednesday 4 March 2020
- March quarter 2020 – Wednesday 3 June 2020
- June quarter 2020 – Wednesday 2 September 2020
- September quarter 2020 – Wednesday 2 December 2020

REIA Real Estate Market Facts

- December quarter 2019 – Wednesday 11 March 2020
- March quarter 2020 – Wednesday 10 June 2020
- June quarter 2020 – Wednesday 9 September 2020
- September quarter 2020 – Wednesday 9 December 2020

HOUSE AND OTHER DWELLING PRICES RISE OVER MARCH QUARTER

National Market Snapshot

EXTRACTED FROM REAL ESTATE MARKET FACTS
MARCH QUARTER 2020

Fast Facts:
March Quarter 2020

- *Quarterly Australian weighted median house price is $786,923*
- *Quarterly Australian weighted median other dwellings price is $602,293*

Median house prices up:

Hobart	4.5% to $575,000
Melbourne	3.7% to $893,000
Sydney	2.6% to $1,168,806
Darwin	2.2% to $470,000

Median house prices down:

Adelaide	1.8% to $480,000
Brisbane	2.8% to $525,000
Canberra	3.2% to $700,000
Perth	4.0% to $480,000

Median other dwelling prices up:

Adelaide	2.8% to $365,000
Sydney	2.7% to $744,672
Melbourne	0.6% to $641,000

Median other dwelling prices down:

Hobart	0.5% to $403,000
Darwin	0.7% to $302,750
Brisbane	2.6% to $385,000
Perth	2.6% to $375,000
Canberra	4.0% to $461,000

REIA

Housing Affordability Report March quarter 2020

Housing affordability improves marginally over the March quarter

National Affordability Snapshot

EXTRACTED FROM REIA HOUSING AFFORDABILITY REPORT
MARCH QUARTER 2020

Fast Facts:
March Quarter 2020

	Mar 2020	Dec 2019	Mar 2019
Proportion of family income to meet:			
Home loan repayments	34.7%	34.8%	32.3%
Rent payments	23.5%	23.6%	23.9%

NSW New South Wales had the largest annual decline in housing affordability

VIC Victoria has the highest decline in housing affordability over the quarter

QLD Rental affordability remained stable in Queensland over the past year

SA South Australia has the lowest percentage of first home buyers entering the market (25.9%)

WA Western Australia had the lowest decrease in new loans for dwellings over the quarter (-6.7%)

TAS Tasmania had the smallest decrease in loans to first home buyers over the quarter (-0.5%)

NT Northern Territory had the largest improvement in housing affordability over the year

ACT Rental affordability is at 19.0% in the Australian Capital Territory

COVID-19 & Rental Reform:

An Insurance Lens

Rewind back to this time last year, if someone had told us in a year's time we'd be battling a global pandemic, it's unlikely we'd have believed them.

The last few months have been some of the most challenging times for all business owners. And if you're a real estate agent, the banning of open homes in some states, a property market which quickly plummeted, and an overall negative economic outlook has probably hit you hard too.

While the fight is far from over, we have taken a look at the overall situation from an insurance lens, and clarify where insurance coverage has helped ease the burden for some businesses and individuals.

Landlord Insurance & Rent Default

Rent Default is a feature offered under Landlord Insurance policies that reimburses landlords' lost rental income where a tenant either stops paying rent, vacates the property before the expiration of the rental agreement, or is otherwise evicted and there has been a loss of rent as a result.

Real the full article here.

Aon manages the insurances for over 5000 real estate professionals in Australia. Our team lives and breathes real estate and invests the time required to really get to know your business so we can help protect it. If you would like to discuss your insurance needs with a real estate specialist you can contact us here.

AUSTRALIAN TAXATION OFFICE

OWN A RENTAL? – WHAT YOU NEED TO KNOW THIS TAX TIME

The Australian Taxation Office is aware that residential rental property owners may be concerned about how COVID-19, floods, or bushfires have reduced their income, whether it is through tenants paying less or under deferred payments plans, or travel restrictions which have affected demand for short-term rental properties. New legislation also affects the tax deductions that owners of vacant land can claim.

Assistant Commissioner Karen Foat explained that whatever the circumstances, the most important first step was to keep records of all expenses. "Without good records, you will find it difficult to work out what expenses you can claim as deductions and to declare all your rental-related income in your tax return.

Reduced rental income

The COVID-19 pandemic has placed property owners and tenants in unforeseen circumstances. Many tenants are paying reduced rent or have ceased paying because their income has been adversely affected by COVID-19.

You should include rent as income at the time it is paid, so you only need to declare the rent you have received as income. If payments by your tenants are deferred until the next financial year you do not need to include these payments until you receive them.

While rental income may be reduced, owners will continue to incur normal expenses on their rental property and will still be able to claim these expenses in their tax return as long as the reduced rent charged is reasonably commercial rather than, for instance, letting the tenants stay in the property rent free, or for token amounts.

This applies whether the reduction in rent was initiated by the tenants or the owner.

Some owners may have rental insurance that covers a loss of income. It is important to remember that any payouts from these types of policies are assessable income and must be included in tax returns.

Many banks have moved to defer loan repayments for stressed mortgagees. In these circumstances, rental property owners are still able to claim interest being charged on the loan as a deduction- even if the bank defers the repayments.

Short-term rentals

"We recognise that circumstances over the past six months have seen many short-term rentals see cancellations or sit vacant as a result of either COVID-19 or bushfires," Ms Foat said.

In circumstances where COVID-19 or natural disasters have adversely affected demand, including the cancellation of existing bookings for a short-term rental property, deductions are still available provided the property was still genuinely available for rent.

If owners decided to use the property for private purposes, offered the property to family or friends for free, offered the property to others in need or stopped renting the property out they cannot claim deductions in respect of those periods.

"Generally speaking, if your plans to rent a property in 2020 were the same as those for 2019, but were disrupted by COVID-19 or bushfires, you will still be able to claim the same proportion of expenses you would have been entitled to claim previously," Ms Foat said.

To determine the proportion of expenses that can be claimed for short-term rental properties impacted by COVID-19 or bushfires, a reasonable approach is to apportionment expenses based on the previous year's usage pattern, unless you can show it was genuinely available for rent for a longer period of time in 2020.

If you or your family or friends move into the property to live in it because of COVID-19 or bushfires, you need to count this as private use when working out your claims in 2020.

Deductions for vacant land no longer available

For the 2020 year, expenses for holding vacant land are no longer deductible for individuals intending to build a rental property on the land but not yet built. This also applies to land you may have been claiming expenses in previous years.

» *article continues*

OWN A RENTAL? – WHAT YOU NEED TO KNOW THIS TAX TIME

» *continued*

However, this does not apply to land that is used in a business, or if there has been an exceptional circumstance like a fire or flood lead to the land being vacant.

So, if you are building a rental property, you cannot claim the deductions for the costs of holding the land, such as interest. However, if your rental property was destroyed in the bushfires and you are currently rebuilding, you can claim the costs of holding your now vacant land for up to 3 years whilst you rebuild your rental property.

Common Mistakes

Travel to rental properties

"Last year, we also saw a number of taxpayers make simple mistakes such as claiming deductions for travel to inspect their rental properties," Ms Foat said.

Residential property owners can't claim any deductions for costs incurred in travelling to residential rental property unless they are in the rare situation of being in business of letting rental properties.

Incorrectly claiming loan interest

Taxpayers that take out a loan to purchase a rental property can claim interest (or a portion of the interest) as a tax deduction. However, directing some of the loan money to personal use, such as paying for living expenses, buying a boat, or going on a holiday is not deductible. The ATO uses data and analytics look closely to ensure that deductions are only claimed on the portion of the loan that relates directly to the rental property.

Capital works and repairs

"Each year, some taxpayers claim capital works as a lump sum rather than spreading the cost over a number of years. Others claim the initial work needed to get a property ready for rent immediately instead of spreading the cost over a number of years," Ms Foat said.

Repairs or maintenance to restore something that's broken, damaged or deteriorating in a property you already rent out are deductible immediately. Improvements or renovations are categorised as capital works and are deductible over a number of years.

Initial repairs for damage that existed when the property was purchased can't be claimed as an immediate deduction but may be claimed over a number of years as a capital works deduction.

Short term rentals

We often see people with short term rental properties claiming for 100 per cent of their expenses when they actually use the property for their own use or provide it to family and friends for free or at a reduced rate. Properties need to be rented out or be genuinely available for rent to claim a deduction.

Factors such as reserving the property or leaving it vacant over peak periods, not charging the market rate and the types of terms and conditions of the bookings are all taken into consideration when deciding if active and genuine efforts are being made to ensure a property is available for rent.

If a property is not genuinely available for rent, you need to limit your deductions to the days when it is.

If you are allowing friends or family to stay in the property at a reduced price, you need to limit your deductions to the amount of rent received.

Don't forget to include all your rental income, especially from sharing economy platforms, we are matching data received from these providers to information in tax returns and will be following up discrepancies.

Poor record keeping

The number one cause of the ATO disallowing a claim is taxpayers being unable to produce receipts or other documents to support a claim. Furnishing fraudulent or doctored records will attract higher penalties and may also result in prosecution.

REIA
MEDIA RELEASES

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View REIA Media Releases [here]

OFFICE OF THE AUSTRALIAN INFORMATION COMMISSIONER

THE COVIDSAFE APP AND YOUR PRIVACY RIGHTS

The COVIDSafe app is part of the Australian Government's response to the COVID-19 pandemic and assists with contacting people who may have been exposed to the virus. The Office of the Australian Information Commissioner (OAIC) is responsible for promoting and upholding privacy and information access rights and is working to assist businesses and organisations to protect personal information and minimise the impact on privacy, while preventing the spread of COVID-19.

The OAIC has developed a range of resources to explain privacy rights and obligations in relation to the COVIDSafe app. The app is part of the Australian Government's response to the COVID-19 pandemic and assists with contacting people who may have been exposed to the virus. Unauthorised collection, use or disclosure of COVIDSafe app data, or requiring someone to download or use the app, is a criminal offence.

The *Privacy Act 1988* has been amended to include strong privacy measures to give Australians confidence in the protection of their personal information within the COVIDSafe system. It provides an expanded regulatory oversight role for the OAIC to ensure personal information is handled in accordance with the legislation's requirements.

Australian Information Commissioner and Privacy Commissioner Angelene Falk says the new law contains strong privacy safeguards to protect data in the COVIDSafe app and the National COVIDSafe Data Store.

"COVIDSafe app data can only be used for purposes related to contact tracing and must be stored in Australia and deleted at the end of the pandemic," Commissioner Falk said.

The app is voluntary, and individuals cannot be required to download the app under any circumstances. It is an offence for an individual, organisation or government agency to require another person to download the app, have it in operation on a device, or to require them to upload the data from their device to the National COVIDSafe Data Store.

It is also against the law to refuse goods or services to individuals who do not want to download the app, or to stop them from participating in an activity, or take adverse action against them. An offence is committed regardless of whether or not an individual actually downloads the app.

For example:

- a landlord cannot require a tenant to download the app
- a business cannot charge someone more for a product or service just because they are not using the app
- an employer cannot dismiss their employee, alter their position to their detriment, stop them entering the workplace, or pay them less just because they don't have the app (even if they are using a work-issued phone).

A breach of this rule is a crime punishable with 5 years' imprisonment and/or a $63,000 fine. It is also an

» *article continues*

THE COVIDSAFE APP AND YOUR PRIVACY RIGHTS

» *continued*

interference with privacy which enables a complainant to seek compensation and comes under the Privacy Commissioner's regulatory powers.

If an employer, business or other organisation has required an individual to download or use the app, they should cease and desist immediately and take steps to ensure that they are not requiring individuals to use the app. This applies even where the app is installed on a work phone or other device that a business or entity otherwise owns.

While it is not an offence to encourage uptake and use of the app, be mindful of the context in which such messaging is communicated and how it could contribute to an impression that an individual is required to download the app.

You can learn more at the COVID-Safe app and my privacy rights.

Additional privacy guidance and resources

The OAIC's COVID-19 guidance can help you protect personal information during the pandemic and beyond. This includes new guidelines for businesses collecting personal information for contact tracing purposes. The OAIC has also published advice for agencies and private sector employers and answers to frequently asked questions.

The OAIC recommends that a Privacy Impact Assessment (PIA) is undertaken for any new or changed ways of handling personal information that are a high privacy risk, particularly as COVID-19 restrictions ease. A PIA is a systematic assessment of a project which can assist in identifying potential impacts that a project might have on individuals, and sets out recommendations for managing, minimising or eliminating those impacts. It should generally be carried out to identify any privacy risks that may arise as a result of new technologies that rely on the collection or use of personal information to manage the ongoing risks of COVID-19.

Their Guide to undertaking privacy impact assessments and step-by-step PIA tool can assist businesses through the PIA process. The OAIC's website has a range of privacy guidance for businesses, and its enquiries team can also answer privacy-related questions.

WHAT IS THE PROPTECH SUMMIT 2020?

WHERE TECHNOLOGY AND INVESTMENT CONVERGE TO TRANSFORM THE FUTURE OF PROPERTY

10-12 NOVEMBER 2020 SYDNEY

Launched in 2018 with huge success and 200 real estate professionals in the room, who met to discuss and debate the rapid pace of change and disruption facing the industry.

We're back in 2020, to catch up on how the industry has changed in the last 12 months, hear from globally recognised and domestic thought leaders who will share case studies and discuss what your strategies should look like for the coming year.

If this is your first time, don't miss out on the opportunity to meet, network with and be inspired by leaders who are the driving force behind the PropTech revolution globally and in Australia.

We'll be addressing all the big issues, peeking over the horizon to see what's coming next and helping the industry grow.

Make sure you're part of the growth, we look forward to seeing you there.

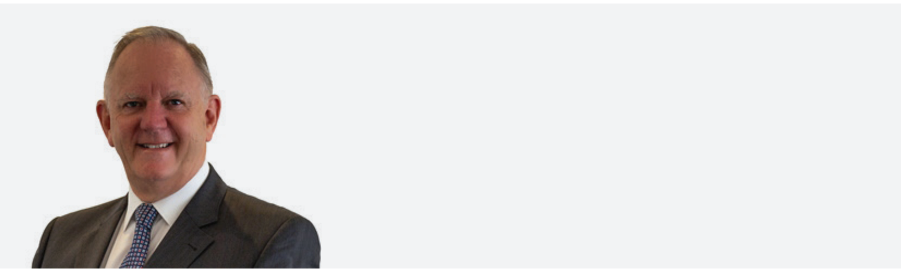
Request BROCHURE

Register

MAKING NEWS

General national news

Real estate professionals awarded honours in the 2020 Queens Birthday Honours List



David Airey awarded the Order of Australia (AM)

David Airey was awarded Member of the Order of Australia (AM) in the 2020 Queens Birthday Honours List in recognition of his service to the real estate industry and to professional institutes.

In 2018 David Airey was bestowed with the President's Award by Real Estate Institute of Australia in Sydney. This award recognises excellence and service to real estate over a long period and is the pinnacle award in Australia. In 2017 David was awarded the Kevin Sullivan Award for Excellence by the Real Estate Institute of Western Australia in recognition of his services to the industry and the Institute in Western Australia.

In 2015 David Airey accepted the role of Inaugural Chairman of the WA Division of the Salvation Army Advisory Board. He is also active in the community and maintains a strong allegiance to Claremont Football Club, his local WAFL club, David has a strong media profile and is often asked by journalists to provide an expert opinion on the market.

David Airey served as the President of the Real Estate Institute of Australia (2009-2011), President of the Real Estate Institute of Western Australia (2011-2013) and was re-elected for a second term (2013-2015), the first time in history of the Real Estate Institute of Western Australia for a President to serve such a term of office.

Congratulations David!

Robyn Waters awarded the Order of Australia (OAM)

Robyn Waters has been awarded the Medal of the Order of Australia (OAM) in the 2020 Queens Birthday in recognition of her service to the real estate industry and to the community, this is a very well deserved honour. Robyn has served as FIABCI World President (2014-2015), REIV President (2018-2019) the third female President in 82 years, served as a Director representing Victoria on the Board of the Real Estate Institute of Australia (2017-2018) and is a Director on the REIV and the REIV Charitable Foundation Boards.

Congratulations Robyn!

INDUSTRY UPDATE

Industry news from around Australia

Western Australia

Building Bonus Scheme fails to address the biggest impediments to job creation

REIWA is disappointed that the Federal and State Government's Building Bonus Schemes failed to address the biggest impediment to job creation and hurts those who can afford it the least.

REIWA President Damian Collins said the Institute understands that this scheme is aimed at providing short-term jobs at a crucial time, however both the Federal and State Governments have missed an ideal opportunity to undertake critical tax reform.

Stamp duty

"While the scheme will create short-term jobs and help people get into homes in WA, the remaining 99 per cent of West Australians who won't get to utilise the scheme, are still potentially lumbered with stamp duty if they want buy a property," Mr Collins said.

Yesterday's state package was better than the federal scheme as it is available to more people, but it does not address the barriers to moving that many people encounter.

Numerous studies have shown that removal of stamp duty creates significant economic activity and the benefit to the WA economy could be as much as $1 billion per annum.

Removal of stamp duty

"While the scheme will have a short-term boost to the economy, post 31 December 2020 we will be back in the same position, with stamp duty blocking upwards of a billion dollars of activity and thousands of jobs annually," Mr Collins said.

"With Victoria and New South Wales focused on getting rid of stamp duty, there has never been a better time for WA to also consider its removal to help boost jobs and the economy."

Effects on the established market

The impact of the building boost schemes is unlikely to have much effect on most of the established market, it will hurt those who can afford it the least.

"Perth outer suburbs such as Ellenbrook and Baldivis suffered the most during the downturn, with many people who purchased house-and-land packages in these areas now in negative equity and suffering mortgage stress.

"Just when things were picking back up, home sellers in the outer suburban areas will find themselves potentially at another $45,000 disadvantage compared to a new build.

"This could have serious ramifications for their financial position and at the very least, the State Government should consider providing stamp duty relief in the short-term for buyers in these suburbs, so that the financial impact is minimized."

More information

REIWA will continue to call for the introduction of initiatives that will create jobs and make the housing market more accessible for all West Australians. For more information on REIWA's advocacy efforts, view our advocacy page.

Source: Real Estate Institute of Western Australia

Victoria

REIV Coronavirus Land Tax relief system not working

The REIV has written to the State Treasurer, requesting an urgent change to the process that is currently in place for a commercial landlord to receive the Coronavirus land tax relief.

REIV President Leah Calnan said the current method is overly bureaucratic and greatly disadvantages commercial property owners who have negotiated a rent relief in good faith.

"Currently, once commercial rent relief negotiations are completed, the tenant must complete an online form to enable the landlord to apply for land tax relief. Only the tenant can complete this form for the landlord". Ms Calnan said.

"Our primary concern is that there are no incentives or consequences for the tenant if they fail or refuse to do this."

"The commercial property owner is at the mercy of their tenant to apply for the tax relief promised by the government."

» *article continues*

INDUSTRY UPDATE

Industry news from around Australia

» *continued*

"The process is not fair for the landlord and their agent who have, in good faith, negotiated rent reduction for the tenant as per government guidelines but are unable to claim the promised land tax relief because their tenant fails to complete the form."

Ms Calnan emphasised that all stakeholders must be equally supported during this time. It is important to remember that the majority of landlords are mum and dad investors who are doing their best to support tenants impacted by the coronavirus.

An illustration of the bureaucracy around the process is evidenced by this extract from the State Revenue Office's website:

"Once you have completed the form online, you need to send it to your landlord. You can download a copy, or email a copy to yourself, which you can then email to your landlord, or send it to them directly by entering their email address on the final page, titled 'Form Complete'."

"The Real Estate Institute of Victoria urgently requests that an alternative process be enabled to ensure landlords are not unduly disadvantaged."

"In order to manage the financial impact for both the landlord and the tenant, the rent relief could be only initiated after the form has been submitted or even better, the process scrapped."

Similar process issues are also present in residential rent negotiations. A rent "agreement" should only be submitted when all impacted parties – landlord, tenant and agent have agreed. The CAV website permits submission by one party where a true agreement may not be in place.

Source: Real Estate Institute of Victoria

New South Wales

CPD: Do you understand your new obligations?

Continuing Professional Development has changed. Completing 12 CPD points per year is a thing of the past and all agents need to understand what their obligations are in accordance with their classification in the licensing structure. REINSW Training Manager Nerida Wood explains the key changes to the CPD framework.

"Since the industry reforms commenced on 23 March 2020, agents across the industry have been focused on their qualifications and what they need to do to comply with the new licensing regime," Nerida said. "However, the qualification you hold is only one piece of the puzzle. Changes to the CPD framework also need to be considered.

"Moving forward, the CPD you need to complete depends upon your classification in the licensing structure."

Assistant Agents

CPD obligations for Assistant Agents are linked to the requirement to upgrade to a Licence.

"All Assistant Agents, as Certificate of Registration holders are now known, must transition to a Class 2 Real Estate Licence," Nerida explained. "If you are an Assistant Agent, you have four years to complete the transition from the date of your post-23 March registration renewal. Similarly, new entrants to the industry will have four years from the date they receive their Certificate of Registration to transition to a Class 2 Real Estate Licence."

Transitioning to a Class 2 Real Estate Licence requires Assistant Agents to complete the Certificate IV in Real Estate Practice Course.

"Rest assured that you won't be required to complete compulsory CPD obligations in addition to any courses you're undertaking to complete your Certificate IV qualification," Nerida said. "By completing at least three units of competency from the Certificate IV qualification, you'll satisfy your annual CPD requirements."

Nerida said completion of the *Certificate IV in Real Estate Practice Course* allows Assistant Agents to apply to NSW Fair Trading for their Class 2 Real Estate Licence.

"Having made the transition from Assistant Agent to a Class 2 Real Estate Licence, your CPD obligations will then change," she said.

Class 2 Real Estate Licence

All Class 2 Real Estate Licence holders must complete six hours of CPD each year.

"This is a significant change from the previous obligation to complete 12 CPD points annually," Nerida said. "Importantly, these six hours are split into three hours of compulsory topics and three hours of elective topics.

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INDUSTRY UPDATE

Industry news from around Australia

» *continued*

"The compulsory topics will be determined by NSW Fair Trading and these courses can only be delivered by approved training providers, such as REINSW. Agents then have the opportunity to choose three hours of elective topics that align with their area of specialisation or interest."

Class 1 Real Estate Licence

All Licensees-in-Charge must now hold a Class 1 Real Estate Licence, which requires the completion of additional annual CPD obligations.

"Like Class 2 Licence holders, Licensees-in-Charge must complete three hours of compulsory CPD topics and three hours of elective topics," Nerida explained.

"In addition, they must also undertake a further three hours of elective topics focused on business management. The purpose of these additional hours is to ensure that agents charged with running the agency have specific business-related knowledge and skills."

This requirement doesn't start until 23 March 2021.

A new "CPD year"

Previously, agents were required to fulfil their CPD obligations within a 12-month period aligned with the renewal date for their Certificate of Registration or Licence. For example, if an agent renewed their Licence on 15 June 2017, they were required to complete their CPD by 14 June 2018.

Nerida explained that this is no longer the case.

"There's now a standard CPD year," she said. "All agents, whether they are Assistant Agents or Licence holders, must complete their annual CPD obligations between 23 March of the current year and 22 March of the following year.

"This is a significant change and one that all agents need to be mindful of."

New courses and delivery options

Nerida pointed out that REINSW has launched a new calendar of CPD courses, which includes classroom and online training.

"We know that agents are looking for courses tailored to their chosen field of specialisation," she said. "So, in addition to providing CPD training for the compulsory topics, we're also rolling out a series of new courses for auctioneers, buyers' agents, commercial sales and leasing agents, commercial property managers, residential sales agents, residential property managers, strata managers and more.

"And, if you can't attend a face-to-face classroom session, there's the option to attend 'virtually' via Zoom," she said. "Regional agents, in particular, will benefit. Sending trainers to regional areas has always been a challenge for us in terms of resourcing. But, with virtual classes now an established part of our training mix, agents across New South Wales, no matter where they are located, can join our courses."

Nerida emphasised the strength of REINSW's CPD offering.

"Our focus is, and always has been, on quality," she said. "We pride ourselves on the quality of our course material and the quality of our trainers. Together, these ensure agents have a superior training experience."

To view the training calendar, go to reinsw.com.au/training

Source: Real Estate Institute of New South Wales

REI survey identifies areas to restart economy

Real Estate Institute members have put forward assistance measures for Treasury to kickstart the economy.

The Real Estate Institute of Australia has advised a request by the Treasury's Coronavirus Business Liaison Unit to support the real estate industry and the economy in general, prompted it to survey all REI members.

The survey aimed to assist the sector to achieve the Government's objective of keeping as many Australians as possible employed and contribute to the economy as it recovers from the impact of the COVID19 pandemic.

President Adrian Kelly said the responses from agents across Australia, west to east and north to south, identified nine specific matters for Government's consideration.

"The survey, and recommendations, thus reflect a regional perspective as well as a national aggregate," said Mr Kelly.

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The nine matters for consideration are:

- Extension of JobKeeper for some sectors including real estate agents
- Extension of JobSeeker for some sectors
- Abolish or at least a temporary cessation of stamp duties on residential property
- Abolish or at least a temporary cessation of payroll tax
- Abolition or at least temporary concessions on land Tax
- Assistance for renters in vulnerable industry sectors
- First Home Buyer Assistance
- Support for regional areas through infrastructure investment and support for businesses locating to regional areas
- Review the lower limit for HomeBuilder eligibility.

"The focus of the measures on Australia's property industry recognises that it has been a main driver of economic growth and increased employment in the transition away from a reliance on mining," said Mr Kelly.

"A healthy property sector has been a crucial support to economic growth over the previous three years.

"It stands to reason then that in these unprecedented times Government would consider a stimulus to the sector to boost expected low levels of unemployment and address growth in the Australian economy."

Western Australia

iTrack off-market listings changing the way West Aussies buy and sell real estate

With an increasing number of sellers enquiring about off-market listings, the itrack property app has been modified to provide West Australians with a new and discreet way to buy and sell property, which may not otherwise come to market.

REIWA CEO Neville Pozzi said off-market listings are properties that are not actively for sale, but are properties that enables sellers to test the market and provides the opportunity for buyers to search these properties via the itrack App.

"Due to the current economic conditions many are looking for cost effective and productive ways to buy and sell property, with the itrack app proving to be a popular solution for many WA sellers," Mr Pozzi said.

Benefits of iTrack

"By allowing a seller to list their property as an off-market listing, they can better gauge buyer interest levels, especially when they are unsure about the market at the moment and are reluctant to start spending money on an advertising campaign.

"For REIWA real estate agents, the app helps enhance productivity, providing a platform for them to connect better with interested buyers and build strong relationships with sellers."

Agents embracing iTrack

The Agency WA General Manager Stuart Cox said since day one, The Agency have embraced technology with the results speaking for themselves over the years.

"Using cloud-based software and industry leading tools enables agents to provide an effective level of service to their clients. This is why the Agency is pleased to also team up with iTrack to facilitate client's needs in the most cost-effective way.

The Agency recognises the benefits of being able to upload an off-market listing, with agents able to upload as much or as little information as the seller wants.

Using iTrack

Once a listing matches the criteria that a buyer has subscribed to, a buyer and agent can start communicating directly about the property.

Company Director of Gavin Hegney Property Gavin Hegney said buyers are always wanting to know everything that is happening in a campaign.

"For buyers not only is this a great way to find out about homes that are for sale in their chosen area and price range whilst receiving campaign updates and market insights, it also allows them to be amongst the first to view properties that are not listed to the broader public.

For more information visit itrackproperty.com.au.

Source: Real Estate Institute of Western Australia

» article continues

POLITICAL WATCH

Information and news from government

'Homebuilder' program to drive economic activity across the residential construction sector

The Morrison Government is supporting jobs in the residential construction sector with the introduction of the new HomeBuilder program.

From 4 June 2020 until 31 December 2020, HomeBuilder will provide all eligible owner-occupiers (not just first home buyers) with a grant of $25,000 to build a new home or substantially renovate an existing home. Construction must be contracted to commence within three months of the contract date.

HomeBuilder applicants will be subject to eligibility criteria, including income caps of $125,000 for singles and $200,000 for couples based on their latest assessable income. A national dwelling price cap of $750,000 will apply for new home builds, and a renovation price range of $150,000 up to $750,000 will apply to renovating an existing home with a current value of no more than $1.5 million.

The program is expected to provide around 27,000 grants at a total cost of around $680 million.

This increase in residential construction will help to fill the gap in construction activity expected in the second half of 2020 due to the coronavirus pandemic.

In doing so, HomeBuilder will help to support the 140,000 direct jobs and another 1,000,000 related jobs in the residential construction sector including businesses and sole-trader builders, contractors, property developers, construction materials manufacturers, engineers, designers and architects.

HomeBuilder complements existing state and territory First Home Owner Grant programs, stamp duty concessions and other grant schemes, as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

This year, the Government delivered the First Home Loan Deposit Scheme to help eligible first home buyers to purchase their first home with a deposit of as little as 5 per cent, allowing them to get into the market sooner. HomeBuilder will create even more opportunities for first home buyers to enter the property market, as well as support other eligible Australians to build a new home or renovate an existing home.

The HomeBuilder program will be implemented via a National Partnership Agreement, signed by the Commonwealth and state and territory governments.

More information on HomeBuilder, including eligibility, can be found on the Treasury Coronavirus Economic Response website.

Source: The Hon Josh Frydenberg MP, Treasurer of the Commonwealth of Australia
The Hon. Scott Morrison MP, Prime Minister
The Hon. Michael Sukkar MP, Assistant Treasurer and Minister for Housing

Dwelling approvals remain elevated in April

The number of dwellings approved rose 1.0 per cent in April, in trend terms, according to data released by the Australian Bureau of Statistics (ABS) recently.

"The rise in April was driven by both private sector dwellings excluding houses (1.0 per cent) and private sector houses (0.8 per cent)," said Daniel Rossi, Director of Construction Statistics at the ABS. "These results are consistent with leading indicators in early 2020, prior to the onset of the COVID-19 pandemic restrictions. Building approvals typically lag early indicators of housing demand, such as new home sales and new loan commitments."

Across the states and territories, dwelling approvals rose in the Australian Capital Territory (13.2 per cent), Northern Territory (10.0 per cent), Tasmania (4.2 per cent), Western Australia (2.3 per cent) and New South Wales (2.0 per cent), in trend terms. Falls were recorded in Victoria (0.7 per cent) and South Australia (0.6 per cent), while Queensland was flat.

Approvals for private sector houses increased in New South Wales (2.2 per cent), Western Australia (0.8 per cent) and Victoria (0.7 per cent). Declines were recorded in South Australia (2.5 per cent) and Queensland (0.5 per cent), in trend terms.

» *article continues*

POLITICAL WATCH

Information and news from government

» continued

The seasonally adjusted estimate for total dwellings approved fell 1.8 per cent in April, driven by a 8.9 per cent decrease in approvals for private dwellings excluding houses. Private sector houses rose 2.7 per cent.

The value of total building approved fell 0.6 per cent in April, in trend terms, and has fallen for two months. The value of residential building rose 1.3 per cent, while non-residential building declined 3.1 per cent.

Source: Australian Bureau of Statistics

Significant stamp duty cuts to support local jobs

As part of Canberra's Recovery Plan to support local jobs, the ACT will significantly reduce the stamp duty for eventual owner-occupiers on the purchase of:

- New land single residential blocks to **zero**
- Off-the-plan apartment and townhouse* purchases up to $500,000 to **zero**
- Off-the-plan apartment and townhouse* purchases between $500,000 and $750,000 by $11,400

This initiative will encourage growth in the residential property construction sector to create and support jobs.

The ACT's local construction industry employs and supports tens of thousands of Canberra families. The ACT Government has already announced payroll tax waivers for the construction industry, and further support will be announced in the coming weeks as part of Canberra's Recovery Plan.

This will include more support for community and social housing, and investment in Government capital projects.

These measures will save new home buyers thousands of dollars whether they are entering the housing market for the first time, or looking to move. For example, a purchaser of an off-the-plan apartment/townhouse* they will live in will save up to $11,400. A purchaser of a new single residential block in Taylor for $430,000 will save $9,020.

This stamp duty concession will be in place for any purchase *(i.e. contracts exchanged)* in the ACT from 4 June 2020 until 30 June 2021. Contracts exchanged outside of this period are not eligible for the concession. This concession will only apply for eventual owner occupiers.

The Government will also extend the Pensioner Duty Concession Scheme for one year. This scheme provides a full or partial stamp duty concession to pensioners purchasing a property valued below the median property value. Stamp duty deferrals will also be extended to all pensioners, regardless of property value.

The ACT Government has a strong track record of creating jobs and supporting a growing local economy. Our Recovery Plan will draw upon this experience, ensuring our city gets through the greatest challenge we have ever faced.

** Applies to all off-the-plan unit-titled purchases*

Source: Andrew Barr, MLA, ACT Chief Minister, ACT Government

COVID-19 (coronavirus): Be alert to superannuation early-access scams

The Australian Competition and Consumer Commission (ACCC) is warning small business owners and their employees about scammers taking advantage of the Australian government's early access to super measures using scams designed to steal your superannuation.

Be careful – scammers always use a disguise

Scammers try to find out your superannuation information by cold-calling people, sending emails and text messages, and impersonating well-known businesses and government agencies such as Services Australia or myGov, the Department of Health and the Australian Taxation Office (ATO), among others.

Tips to avoid superannuation scams

If you employ people in your small business, share these tips with your staff:

- Never give any information about your superannuation to someone who has

» article continues

POLITICAL WATCH

Information and news from government

» *continued*

contacted you – this includes offers to help you access your superannuation early under the government's new arrangements.

- Hang up and verify their identity by calling the relevant organisation directly – find them through an independent source such as a phone book, past bill or online search.
- Check out our Superannuation early-access scams fact sheet and media release about superannuation scams.
- For more information on superannuation scams visit ASIC's MoneySmart website.

You can also find information about COVID-19 (coronavirus) scams on our Scamwatch website.

Source: Australian Competition and Consumer Commission

NAR INTRODUCES IMPLICIT BIAS TRAINING FOR REALTOR® MEMBERS, ASSOCIATIONS

WASHINGTON (June 10, 2020) – As part of its commitment to addressing racial injustice in America, the National Association of Realtors® has begun circulating a new 50-minute implicit bias training video to its members and association staff.

Partnering with the New York-based Perception Institute, NAR's online video draws upon recent research to illustrate how the human brain's automatic, instant association of stereotypes with particular groups can cause people to treat those who are different from them unfairly. Scientific evidence also suggests these biases persist despite people's best intentions and often without conscious awareness.

"Fair housing, equality and inclusion are among NAR's most cherished values," said NAR President Vince Malta, broker at Malta & Co., Inc., in San Francisco, CA. "Realtors® follow a strict Code of Ethics that not only defines us as professionals but explicitly prohibits discrimination on the basis of race, gender, national origin or sexual identity.

"We are committed to leading the way on policies that address racial injustice and build communities where people of every color feel safe to pursue their own American Dream. This training video is a small part of an ongoing education campaign that will position Realtors® to lead in the fight against racial discrimination."

The Perception Institute, which provides implicit bias training in courtrooms, boardrooms, classrooms and hospitals, has applied the latest research on bias and discrimination to the everyday work of America's 1.4 million Realtors®. NAR's 50-minute video, which offers strategies to override bias in order to convey respect, ensure fairness and improve business relationships, is a precursor to a more in-depth training curriculum being developed for real estate brokers to deliver to their agents.

NAR is also urging Realtor® associations to consider revising their new member orientations and other mandatory education courses to focus on the delivery of equal services. This comes with NAR in January unveiling a new Fair Housing Accountability, Culture Change and Training (ACT) Plan, designed to equip its members to be industry leaders in protecting housing rights.

The National Association of Realtors® is America's largest trade association, representing more than 1.4 million members involved in all aspects of the residential and commercial real estate industries.

THE WORLD

Property news from around the world

UK NEWS

Auction House sees surge in buyer demand

Auction House said the easing of lockdown restrictions for the property market on 13 May has generated a significant rise in buyer demand.

The UK's largest property auctioneer saw a surge in buyers for its sales from the middle of last month, with some online livestream auctions attracting over 1,000 viewers.

Roger Lake, founding director of Auction House, said: "The impact of releasing the property market from lockdown has been remarkable.

"Our success rates have risen enormously, bidder numbers are high, and the sales prices achieved are strong and often well ahead of expectation.

"In fact, when sellers take our advice on pricing, we're selling nearly everything we've got!"

During May, the group offered 202 auction lots and sold 156.

Lake added: "Not surprisingly, the fact that people can now view properties they are interested in buying has stimulated an exceptional interest in auction entries.

"Our livestream sale in East Anglia last week had as many viewers online as we would typically have had in the room and online combined.

"Our buyers have recognised that our remote biding services via telephone, proxy or the internet – which have become the norm in the current climate – are proven, safe, and secure.

"The market is re-emerging. Indeed, we may have expanded our buyer group through those who saw auctions continuing to take place during the tightest weeks of the lockdown and have come to join us.

"We've now got buyers waiting for all sorts of stock, and we're hugely confident that any property offered by Auction House and suitably priced will quickly find a buyer."

Source: PropertyWire.com

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