

REIANEWS

ISSUE 35: JUNE 2014



REIA Goes Global

FIABCI 65 *Luxembourg*
Realtor Trade Expo *Washington*

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Mr Peter Bushby
REIA President

PRESIDENT'S REPORT



WELCOME FROM REIA'S PRESIDENT

It's Winter already and welcome to this edition of REIA News, which has a global feel due to REIA's membership of FIABCI, the International Real Estate Federation, and the International Affiliate relationship REIA has with NAR, the National Association of Realtors in the US. Both organisations held large events recently which attracted international delegations.

I was privileged to attend the FIABCI 65th World Congress on behalf of REIA and witness the investiture of Robyn Waters as the third Australian, and first Australian woman, as FIABCI World President. You'll find more on the Congress, our members who attended and Robyn's vast achievements in this edition of REIA News.

We are nearing the end of another financial year and it's timely that the Adelaide Bank/REIA Housing Affordability Report and the Bendigo Bank/REIA Real Estate Market Facts publication have

just been released, showing data from the March quarter 2014.

These two publications are regarded as the definitive word on Australia's housing market and compared to the March quarter of last year, all states and territories showed improvements in housing affordability. These figures are based on the proportion of income required to meet loan repayments, which for the March quarter 2014, was 30.6%.

House prices were patchy over the eight capital cities in the March quarter of 2014, but overall there was a small increase compared to the December 2013 quarter. When you look at the figures over the year though, the median price for houses rose over 13%.

If you'd like to stay informed, details on subscriptions to the Adelaide Bank/REIA Housing Affordability Report and Bendigo Bank/REIA Real Estate Market Facts can be found inside this edition of REIA News or by clicking [here](#).

Mr Peter Bushby

REIA PRESIDENT

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Peter Bushby

FIABCI 65th WORLD CONGRESS

LUXEMBOURG

MAY 2014



1 Robyn Waters accepting her FIABCI World Presidency

2 Former Governor General Michael Jeffrey, Megan Airey and REIWA President David Airey

3 Mark Berry REIT CEO, Peter Bushby REIA President and Adrian Kelly REIT President

4 Global delegates

5 Chris McGregor, FIABCI Australia President and Jane Webb

What an experience it was for me to attend the FIABCI 65th World Congress and witness Australian Robyn Waters inducted as FIABCI World President. After the host country Luxembourg, the Australian contingent of 55 was the largest and well up on recent years, which is no doubt recognition of the significance of the occasion and a tribute to Robyn who is something of an icon within FIABCI and a great ambassador for Australia.

Luxembourg is a very pretty and vibrant city that successfully combines historic and modern environments.

The FIABCI meetings were held at the Chamber of Commerce and the Congress was at the new Centre for Conferences. As REIA President I was able to attend the FIABCI Ordinary General Assembly as an observer, the welcome function, congress opening and business sessions and the closing session that included Robyn's investiture. In addition I also enjoyed the FIABCI Prix D'Excellence Awards Dinner.

At Robyn Waters' request, both REIV CEO Enzo Raimondo and I met with her and Past FIABCI World President,

Enrico Campagnoli, who is the FIABCI Representative at the United Nations in Geneva and New York, in relation to a proposal to support FIABCI participating in a World Bank Group Research project – Doing Business 2015. REIA and REIV gave in-principle agreement to support the initiative and members will find out more soon.

As we become more connected on a global scale, REIA will continue to work towards even stronger ties with FIABCI, a truly international real estate organisation.

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This article is brought to you by REIA
Chief Executive Officer, Amanda Lynch

NATIONAL ASSOCIATION OF REALTORS



In May, REIA was represented at the Realtor Party Convention & Trade Expo in Washington. The Convention is where the National Association of Realtors (NAR) members take an active role to advance the real estate industry, public policy, and the association. The REIA CEO Amanda Lynch was joined by Michael Wellsmore, NAR Liaison and International Board Member for Australia for special issues forums, committee meetings, legislative activities, and the industry trade show.

At the International Forum, along with delegates from Canada, India,

The UK, Ireland, Japan and Colombia, who provided overviews of their markets, Ms Lynch updated the Convention on the robust Australian market and foreign investment rules. According to the International Monetary Fund, Australia is expected to outperform all major advanced economies over the next five years. The US is the third largest investor in the Australia property market and Australians are investing in the US in increasing numbers with favoured destinations being Los Angeles, New York and Detroit. There is growing concern about the flagging US

housing recovery with home sales expected to dip from 5.1 million in 2013 to 4.9 million in 2014.

In Washington, the Californian Association of Realtors organised advocacy meetings at the Capitol Building. REIA participated in a meeting with US Congressman Ed Royce's Deputy Chief of Staff Peter Freeman on the tighter criteria for loans, the future of Government sponsored entities Fannie Mae and Freddie Mac, tax incentives for housing and the importance of mortgage interest deductibility for property investment.



Glenn Hellyer, NAR Federal Political Coordinator for Congressman Royce; Amanda Lynch, REIA CEO; Michael Wellsmore, REIA Liaison to NAR; Peter Freeman, Deputy Chief of Staff for Congressman Royce and Steve Goddard, President of CAR

Steve Brown, President of NAR and Amanda Lynch REIA CEO



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This article is brought to you by REIA
Chief Executive Officer, Amanda Lynch

REIA DEFENDS IMPORTANCE OF FOREIGN INVESTMENT IN REAL ESTATE



On Friday 30 May, REIA CEO Amanda Lynch and Policy Manager Jock Kreitals appeared before the House of Representatives Standing Committee on Economics' Inquiry into Foreign Investment in Residential Real Estate. The Chair of the Committee is Liberal MP Kelly O'Dwyer.

Ms Lynch made three main points on behalf of REIA and its members:

- We believe that foreign investment is beneficial and adds to the supply of housing
- We believe that reliable and timely data is required
- We believe that a review of the compliance and monitoring activities and its effectiveness is needed.

Ms Lynch said: "The focus on Chinese investment is a beat up and it is important that we have a reality check. Chinese investment in all real estate is 11.4% of the total, closely followed by the US at 9.5% and Canada at 8.5%.

"There is insufficient evidence to come to a definitive conclusion on the level of competition between foreign buyers and first home buyers

in particular markets. On the aggregate data available we see that the mean price that foreign investors pay are at a level higher than the average first home buyers would pay. First home buyers were at a historic low 12.3% in November last year and now make 12.6% of the owner-occupier market compared to the long-run average of 19.8%. This is due to many factors such as the affordability of housing, changes by State and Territory Governments to the eligibility criteria for the first home owner grant, taxes, and access to finance. Australian first home buyers have an 80% preference in their buying habits for established real estate rather than new apartments bought by foreign investors. Foreign investors who are not temporary residents can not buy established houses. The preference for foreign investors is at the higher level of the market with a \$1 million average for established real estate for temporary residents and \$647K for individual purchases of new dwellings, which compares with the current median price of \$606,517 for houses and \$483,320 for units, and is way beyond the reach of an aspiring first home buyer.

Australia has a regulated approach to foreign investment, compared with the US which has an open door approach. We believe that the current system works well and contend that with an undersupply of housing nationally at around 200,000-300,000, foreign investors are contributing to the supply. The undersupply is reflected in a tight rental market. An industry benchmark vacancy rate is considered to be a value of 3.0% with the vacancy rates lower than 3.0% indicating strong demand for rental accommodation. During the first quarter of 2014, the weighted average vacancy rate for eight capitals was 2.4% with Sydney having the lowest vacancy rate of 1.4%. The figures for Melbourne and Brisbane were 2.8% and 2.3% respectively.

Foreign investment adds to the supply of rental property vacancy rates and rents would be higher without foreign investment. Without foreign investment, many building projects would simply not be viable.

With the winding down of the mining construction phase, the



STRATA COMMUNITY AUSTRALIA

Earlier this month the REIA CEO, Amanda Lynch was a guest speaker at the Strata Community Australia's National Convention in Cairns. Her presentation at the Women in Strata Breakfast was sponsored by Longitude Insurance.

Ms Lynch spoke about the importance of strata management to the broader property industry and with levels of foreign investment in Australian real estate, strata and property management are embracing the diverse nature of strata communities. Ms Lynch also spoke about the role of mentoring and encouraging employee retention in an industry where there is a high 'churn' level. She promoted the Women in Industry website, a partnership between the Construction and Property Services Industry Skills Council and the Federal Government which highlights success stories, mentor programs and business opportunities. The site is accessible at www.industrywomencentral.com.au

spotlight is on housing as a sector that will contribute significantly to Australia's economic transition, assisted by other sectors of the economy such as agriculture, education services and technological innovation. Indeed, housing approvals show this is already happening.

Secondly, the Foreign Investment Review Board Annual Reports are the only source of data on foreign investment in Australian residential real estate. The reports are available nearly nine months after the close of the financial year and the detail of the data made publicly is limited. The REIA believes that the publicly available data could be enhanced.

Finally, it is not apparent how effective the expanded monitoring and compliance activities introduced in 2010 have been. There have been no prosecutions since 2010 under the upgraded scheme whereas prior to this there were on average one or two a year. Our argument is if penalties are there, they should be enforced. Which is why we advocate that a review be undertaken of the compliance and monitoring activities. We also advocate penalties in line with the value of the property as being more appropriate. The current maximum fine of \$85,000 is inadequate for multi-million dollar investments."



*The Hon Kelly O'Dwyer,
Committee Chair*



*REIA CEO, Amanda Lynch speaking
at the Strata Community Australia's
National Convention*

This article is brought to you by
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TAXATION REFORM



In the lead up to and since the 2014 Federal Budget, there has been considerable public debate on taxation.

Prior to the Budget there was much speculation about changes to the negative gearing arrangements relating to investment property. Immediately after the Budget, which included large cuts in payments to the states for health and education, the calls for a debate on increasing GST (the rate and/or coverage) escalated with some state Premiers and welfare groups calling for change. The Treasury Secretary and the Governor of the RBA have also called for increases to the GST to be considered.

This is despite the Government saying that it will consider responses to its White Paper on Taxation, which will be completed by the end of 2015 but will not be making changes prior to the 2016 election. Any proposed changes will be part of its election platform.

REIA's position on taxation reform has been well articulated and it will be responding to the White Paper by calling for the reform of state based property taxes as well as seeking maintenance of existing arrangements regarding negative gearing and capital gains tax (CGT).

REIA has been lobbying Government that state based property taxes

are inequitable, inefficient and an unstable source of revenue and has suggested that replacing property taxes with other more efficient taxes would provide considerable economic benefits. Additionally, stamp duties discourage transactions of residential property and people from changing their place of residence as their personal circumstances change.

Modelling shows that by removing conveyancing and insurance duties, reducing land tax and funding the shortfall of a federal and/or state broad based tax, GDP growth of 1.7% would result. Economic growth provided by reforms to property taxation should be of interest to all governments as we have seen that we cannot rely on the mining boom to provide the impetus for growth forever.

Furthermore, taxes set by all three tiers of government impact on housing affordability. The tax burden on the new housing sector in some states amounts to over 40% of the final price of a new home. The Housing Industry Association has estimated that taxation on a new house and land package is up to 44% of the purchase price in Sydney and up to 38% in Melbourne. The removal of some inefficient taxes would improve housing affordability considerably.

REIA will also be advocating that negative gearing arrangements for property investment remain unchanged. Negative gearing in its current form for the purpose of property investment is complementary to the goals of the Government in addressing the supply of rental accommodation. Changes to negative gearing would impact on the supply of housing and the level of rents in an already tight rental market. In 1985, the Hawke Government abolished negative gearing for property only to have it reinstated in 1987 as rents increased by over 50% in Sydney and by over 30% in Perth and Brisbane.

Over 1.6 million Australians invest in the residential property market with the majority of investors being ordinary mums and dads who have only one investment property. Taxation Statistics for 2010-11 show that taxpayers who earn an annual income of \$80,000 own 72.3% of all loss-making properties with almost three quarters (73%) of investors having only one investment property and less than 10% of investors having three or more investment properties.

To change the current negative gearing provisions for housing would be treating real estate differently to other asset classes and create a distortion on the investment landscape.

Protecting Small Businesses from Unfair Contract Terms



Small businesses often find themselves with little option but to sign up to contracts with unfair provisions, causing detriment to themselves, the broader economy and, as a result, throughout the community.

The Commonwealth Government is committed to extending to small businesses the kind of protections against unfair contract terms that are available to consumers.

We want to hear about your experiences with unfair contract terms. This will help us better understand the extent of the problem and design protections to suit the diverse needs of small businesses.

The Hon Bruce Billson MP

Are you offered contracts on a 'take it or leave it' basis?

Small businesses are often offered standard form contracts on a 'take it or leave it' basis. These contracts are used for a wide range of transactions including for straight-forward office equipment purchases, leasing of office space, supply agreements and longer-term commercial relationships.

Due to an imbalance in bargaining power or commercial size, small businesses may have little scope to negotiate the terms in these contracts, and may lack the time or legal expertise to critically review them.

These contracts often include unfair terms. There have been persistent accounts over recent years of small businesses being vulnerable to these unfair terms.

Do these contracts include unfair terms?

We want to know if you have encountered terms in contracts which have disadvantaged your business and that go far beyond what is reasonably necessary to protect the legitimate business interests of the other business.

While the upfront price and basic qualities of goods or services may be clear, unfair terms can be buried in the fine print of contracts. For example, a term that allows the bigger business to unilaterally change the price or other key terms during the course of the contract may be considered unfair in certain circumstances.

Another example might be a term that denies a small business the right to terminate a contract when the bigger business can or inappropriately limits the bigger business's contractual liability to a small business.

How might the protections work?

The Small Business Minister and Consumer Affairs Ministers across the country are considering extending the unfair contract terms protections for **consumers** to small businesses.

Businesses that offer standard form contracts to small businesses would have to comply with a new law. This law would allow a court to cancel out terms it finds unfair. The ACCC would initially take a collaborative, compliance based approach to ensure businesses conformed to the laws.

We would like your feedback on whether a particular business or a particular contract should be covered by these protections, for example based on the turnover of the business, the size of the transaction or some other criteria.

How can I have my say?

There are three key ways you can get involved:

1. Take a short 10-15 minute **survey**.
2. Provide brief **feedback** via the website
3. Lodge a **formal submission** or encourage your industry body to lodge one.

You can provide feedback until 1 August 2014.

www.treasury.gov.au/ConsultationsandReviews/Consultations

If you need more information you can read the **discussion paper** on the website.

This consultation process is focused on the unfairness of the terms in contracts rather than how a contract is negotiated. The legal protections for small business against unfair and unconscionable conduct are being considered as part of the **Competition Policy Review**.



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 Adelaide Bank/REIA Housing Affordability Report and the Bendigo Bank/REIA Real Estate Market Facts may be purchased as single copies or by subscription. For more about the Adelaide Bank/REIA Housing Affordability Report, [click here](#). For more about the Bendigo Bank/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.



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LENDERS' MORTGAGE INSURANCE

This article is brought to you by REIA Research Officer, Evgeniya Hawthorne. Evgeniya can be contacted at evgeniya.hawthorne@reia.com.au



The availability and cost of finance are among a number of factors influencing short-term demand for housing. For many Australian first home buyers, the size of the deposit is the biggest barrier to homeownership. Those with a deposit that is less than 20% of the total cost of the property generally have to take out lenders' mortgage insurance (LMI).

LMI was introduced into Australia in 1965 and has enabled more first home buyers to realise the Great Australian Dream.

Lenders' mortgage insurance is a special type of insurance that protects the lender in the event a borrower cannot repay their loan. It is the insurance of the credit default risk of a specific loan provided by a specific lender at a specific time in relation to a particular mortgage. The beneficiary under the insurance policy is the lender that is covered for the entire life of the loan.

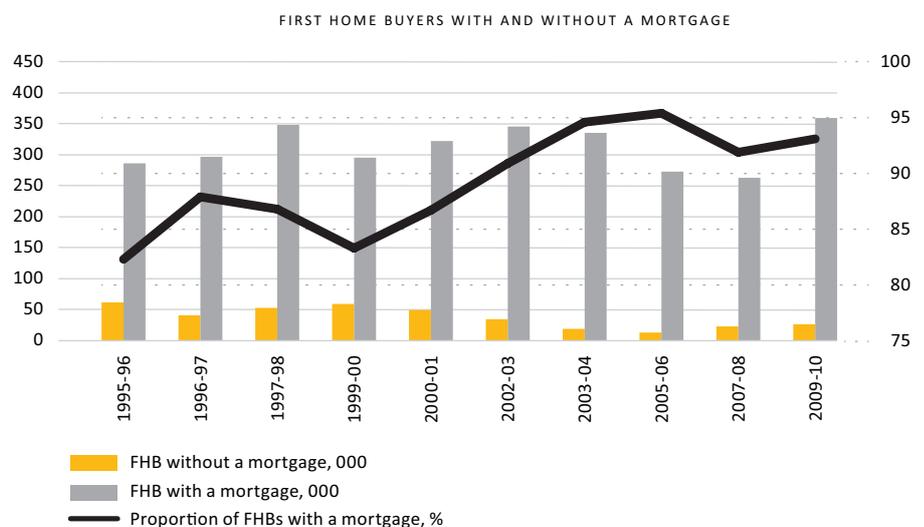
In Australia, lenders' mortgage insurance is offered by prudentially regulated institutions known as lenders' mortgage insurers. They charge an upfront premium to lenders which often pass on the cost to borrowers. It is not compulsory in

Australia to be covered by LMI but lenders usually require borrowers to purchase the insurance to mitigate risks if more than 80% of the loan-to-value ratio is borrowed. The premium is usually paid as a lump sum and may be included in the total amount borrowed, resulting in higher loan repayments.

Rising rents and the rising cost of living are the main hurdles to saving

a 20% deposit. The vast majority of home buyers in Australia purchase their first home with a mortgage. According to the Australian Bureau of Statistics' (ABS) 2009-10 Survey of Income and Housing, of 429,000 Australian first home buyers, only 6.9% purchased their home without a mortgage. Figure 1 below shows that since the mid-1990s, taking out a mortgage to finance the first home has become almost unavoidable for Australians.

Figure 1



In September 2012, a Mortgage Choice survey of 1,000 Australians who had plans to purchase their first home in the next two years, found that only 16.1% were able to contribute 20% or more for a deposit. According to the Mortgage Choice Surveys, two thirds of home buyers have the loan-to-value ratio exceeding 80%. The Reserve Bank of Australia (RBA) estimates more than a quarter of Australian housing loans are covered by LMI. It is estimated that over 2 million Australians have used lenders' mortgage insurance.

Even though LMI may reach 3% of the total loan amount, possibly affecting loan serviceability in the long-run, LMI does not appear to be prohibitive for prospective first home buyers. The Housing Industry Association estimates that for a thirty year mortgage with 90% loan-to-value ratio, the repayments on a \$250,000 home increase by \$6,097 as a result of LMI. For a \$500,000 home, the mortgage repayments are estimated to increase by \$15,781. Further, only 0.9% of first home buyers surveyed by Mortgage Choice identified LMI as the biggest barrier to buying home.

According to the RBA, mortgage insurance is available in many countries but extensively used in only a small number, including Australia, Canada, Hong Kong, the Netherlands and the United States. The structure of the mortgage insurance industry across different countries varies considerably and is affected by the domestic regulatory landscape and the extent of government participation in each jurisdiction.

Unlike other countries where mortgage insurance is used extensively, the Australian Government does not participate in LMI. In Canada, Hong Kong and the US, where LMI is mandatory for certain loans, governments participate in the mortgage insurance market. In Australia, the market is dominated by two lenders' mortgage insurers – Genworth and QBE LMI – who combined share 78% of the market. Recently, there have been calls for increase in competition and looking into setting up a Government scheme, however as the RBA noted in its Financial Stability Review for September 2013, benefits from setting up such a scheme must be balanced against the potential costs, including the cost to the taxpayer.

INDUSTRY ARTICLE

LEADERSHIP AND BUSINESS SUCCESS



John Goddard

Last week I was sorting through papers on my desk and found a photocopy of a page from a book that listed “eight things that leaders do”. Foolishly, I had not referenced the book or its author and even after checking my book collection, I still could not identify its origin. So apologies in advance for any plagiarism but here are the eight points:

1. Leaders relentlessly upgrade their team, using every encounter as an opportunity to evaluate, coach and build self-confidence.
2. Leaders make sure that people not only see the vision, they live and breathe it.
3. Leaders get under everyone’s skin, exuding positive energy and optimism.
4. Leaders establish trust with candour, transparency and credit.
5. Leaders have the courage to make unpopular decisions and gut calls.
6. Leaders probe and push with a curiosity that borders on scepticism, making sure their questions are answered with action.
7. Leaders inspire risk taking and learning by setting the example.
8. Leaders celebrate.

When I thought about these eight things it gave me the idea to comment based on my observations over ten years of leading Rockend and being a participant of an essential industry, namely Property Services.

I have seen many leaders focus on upgrading their team. One on one coaching sessions and regular role play being a perfect example of this behaviour in play. I have seen only a few leaders live and breathe their vision. I think this is mainly because few real estate leaders seem to develop a clear plan for their staff to follow. It is probably the most obvious area for improvement in most of the 9,000+ businesses that make up our industry.

One of the most interesting experiences I have had is meeting owners, principals and team leaders that really do get into or under everyone’s skin. There are many real characters that readers will identify and remember, through working in real estate.

The very best leaders in all industries have to establish trust with candour to develop long term relationships with their staff. As Steven M Covey highlights; trust is a critical element to reduce decision making time and minimise the cost of doing business.

Making unpopular decisions is never easy. As Rockend CEO, I had to make many calls where individuals and businesses have been impacted. If you work out the main options and the hard decision is confirmed by the gut and head, just do it.

When you are the leader I don’t agree with being sceptical, as I believe that trusting your people is paramount to success. But your senses must be always aware for advice or recommendations that just don’t sound right.

So let me end on celebrating success. Always be seeking to give praise for good work and to recognise individual and team success in your office. Having fun is what it’s all about! Or is it 42?

John Goddard

GENERAL MANAGER
MARKETING & SALES

▶ John Goddard was Rockend CEO from 2004 to 2012. He currently heads Rockend’s sales and marketing teams. He is personally committed to life-long learning and encouraging all Rockend staff and their clients to take control of their personal development, both through work and personal learning.

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TELSTRA HELPS KEEP ALTERED IMAGES CLIENTS SMILING



As a sole trader, Ian Van der Wolde, a Melbourne commercial photographer juggles many priorities as he travels to shoots for clients, spends time in the office processing images, or does the admin needed to keep his business humming.

Ian knows that a heavy workload could make him look as if he's not available and reliable. "People know I'm a one-man show, but I have always prided myself on being professional," he says. "That's not always easy."

One of his key tools for presenting that professional image is DOT (Digital Office Technology)[™], an all-in-one fixed, mobile and broadband solution. For Ian, the solutions most valuable feature is the Simultaneous Ring, which means when someone calls his landline, his mobile rings at the same time. "It is really important that clients can find you" he says.

Voice2Email, which sends audio files of your voicemails to your email address, also makes a big difference when Ian travels. Plus, Telstra's high-speed broadband is critical, as Ian shoots in a special format that means each image may be more than 200 megabytes in size. Having reliable broadband is essential if he wants to quickly send his work to clients. The solution includes ADSL 2 + broadband but also offers an optional add-on mobile broadband device that works as a back-up if the ADSL ever goes down when in coverage areas.

"Being in business is all about communication and being informed so your clients can reach you when they want to," notes Ian. "DOT makes being in business easier."

"The beauty of DOT is that my calls will ring on my mobile phone simultaneously with my landline so I never have to divert anymore, and it's all included in one monthly fee," says Ian. "I used to divert my phone, which meant that every call that was diverted from my studio to my mobile I was paying for. So when I got my bill, there'd be over 100 phone calls from me to my mobile that I was paying for. By changing to DOT, what I'm saving [on that] is essentially paying for the service in full."

DOT MAKES CUSTOMER SERVICE EASIER

"Small businesses want two things: flexibility and control," says Andrew Stormont, director for DOT. "Flexibility is about working on the go with the best tools."

"DOT combines several communications technologies and takes away the 'I'll make that call later on the landline to save money' decision, so a small business can always use technology to respond to customers. For Altered Images that's

"SIMULTANEOUS RINGING ON BOTH HIS LANDLINE AND MOBILE MEANS COMMERCIAL PHOTOGRAPHER IAN VAN DER WOLDE IS EASY FOR CLIENTS TO CONTACT, WHETHER HE'S OUT ON A SHOOT OR IN HIS STUDIO."

important, as Ian is so mobile. Being able to direct calls to your mobile helps show how flexible you are".

"Even something like wireless mobile broadband back-up is about control. It means the internet should be available so they can deliver what they promise to customers."

For more small business stories visit smarter.telstrabusiness.com

IT'S HOW
WE CONNECT





NEW SOUTH WALES AWARDS FOR EXCELLENCE

Estate Agents Co-operative Ltd (EAC) and the Real Estate Institute of Australia (REIA) are pleased to announce the New South Wales Awards for Excellence recognising the real estate industry's top performers from the NSW Affiliates' Council Members of the REIA.

The EAC / REIA Awards for Excellence aim to encourage, recognise and promote excellence and best practice in the profession.

These awards provide an opportunity to be recognised at both a state and national level and winners from the New South Awards for Excellence will progress to the REIA National Awards for Excellence in Perth on 12 March 2015.

ELIGIBILITY

Entry to the Awards for Excellence is open to and needs to be made through the NSW Affiliates' Council Members of the REIA – Estate Agents Co-operative, LJ Hooker, Professionals and First National.

AWARD CATEGORIES

There are a total of 15 separate categories in the 2014 EAC / REIA NSW Awards for Excellence.

The award categories for agencies are:

- Large Residential Agency of the Year
- Medium Residential Agency of the Year
- Small Residential Agency of the Year
- Commercial Agency of the Year

- Innovation Award
- Communications Award
- Community Service Award

The award categories for individuals are:

- Residential Salesperson of the Year
- Commercial Salesperson of the Year
- Residential Property Manager of the Year
- Commercial Property Manager of the Year
- Business Broker of the Year
- Buyer's Agent of the Year
- Corporate Support Person of the Year
- Achievement Award

To enter or find out more, click [here](#).



NEW SOUTH WALES AWARDS FOR
excellence

Thursday 25th September 2014

SOFITEL WENTWORTH, SYDNEY

HOSTED BY ESTATE AGENTS CO-OPERATIVE & REAL ESTATE INSTITUTE OF AUSTRALIA



FIABCI AUSTRALIA REPORT

ROBYN WATERS TAKES OFFICE AS WORLD PRESIDENT OF FIABCI

Australian Robyn Waters has been installed as World President of FIABCI, the International Real Estate Federation, during an official ceremony at the 65th FIABCI World Congress in Luxembourg.

Ms Waters has an extensive background in the global real estate industry and has been an active



Chris McGregor

member of FIABCI since 1977, serving in several leadership positions. She has developed an outstanding reputation as a global real estate industry leader, not only within Australia but throughout the world. Her expertise, commitment and dedication to the global real estate sector will serve to continue to position FIABCI as a real estate industry leader.

Ms Waters' overall mission is to build upon the work of Immediate Past President Flavio Gonzaga Nunes and to strengthen the organization by implementing focused initiatives designed to enhance membership tools, programs and services which add value and which help members build their global businesses. Her main focus will be:

- Enhancing Member Services, Resources & Tools through Technology – the execution of a new, state-of-the-art website which will enable members to network, provide a global platform to conduct business and which will provide resources, tools and support in a more efficient manner



Former Governor General Michael Jeffrey, FIABCI World President Robyn Waters and FIABCI Australia President Chris McGregor

- FIABCI Strategic Plan – implement the strategic plan whose goal will be to sustain the future of the Federation
- United Nations: FIABCI will continue to expand its vital work with the United Nations focusing on global property issues, Global Compact Cities Programme and the partnership in Circles of Sustainability
- FIABCI's Future: work in partnership with the Professional Exchanges Committee to support FIABCI's enthusiastic, younger generation. Efforts will focus on those entering the field through its Scholarship Foundation and those who are already in the field through FIABCI's Young Members' Committee to ensure they have access to more resources, means to effectively network and that they have a stronger voice within the Federation
- Strengthening World Councils, Chapters and Committees: work together with the FIABCI World Councils, Chapters and Committees to enable them to grow and meet the diverse needs of the membership

- Education: continue to support FIABCI's educational resources and opportunities through the prestigious FIREC designation

Ms Waters says, "I am committed to enhancing the global leadership position of FIABCI and providing an opportunity for our members to network, grow their business on a global basis and encourage an environment of cooperation and collaboration throughout the world."

"I want to see consistency, continuity and credibility, together with communication, implemented for the benefit of FIABCI, delivered with a renewed understanding of the proper standards of professional behaviour, mutual respect and decency."

Chris McGregor

PRESIDENT • FIABCI
AUSTRALIAN CHAPTER

**FIABCI 66TH
WORLD CONGRESS
WILL BE HELD IN
KUALA LUMPUR,
MALAYSIA**

Dates: Tuesday 26th May 2015
– Sunday 31st May 2015

Theme: Urbanisation and
Green Built Environment

For further information, please
contact the Organising Director
Mr Yu Kee Su Secretary General
of FIABCI Malaysia yukeesu@
fiabci-asiapacific.com

INDUSTRY UPDATE

Industry news from around Australia



Property spruikers

Promoters of property investment schemes who hold 'free' public seminars throughout Australia are being warned by consumer protection agencies they must provide information about cooling off periods. NSW Fair Trading Commissioner Rod Stowe said Australian Consumer Law regulators were examining the practices of a number of promoters. A common theme is to offer consumers the opportunity to attend a 'free' seminar with the understanding they will be getting information or advice to help them invest in the property market, he said. Consumers do not expect to be placed into a high pressure sales environment where they will be expected to buy a training package or other sales materials. Property investment promoters are being reminded to include the mandatory statement on the consumer's right to terminate within a specified cooling-off period in all contracts entered into with those who attend and sign-up for these packaged educational seminars.

Reserve Bank survey on the cost of retail payment methods

The Reserve Bank wants to better understand the costs borne by small and medium enterprises (SMEs) in accepting different forms of payment from customers. The Bank is seeking assistance from SMEs who take payments directly from the public, to fill out an online survey about the costs of accepting these payments. These costs may include the time devoted to taking cash receipts to a bank and the merchant service fees paid on card transactions. The confidential survey has been developed with feedback from a number of small business associations. To participate go to the Bank's [website](#) before 11 July.

Commercial licensing

The REIV Commercial and Industrial (C&I) Chapter has secured a major win – protecting commercial agent licensing in the face of major changes proposed by the Victorian State Government. REIV CEO Enzo Raimondo was advised by Consumer Affairs Victoria Executive Director Dr Claire Noone that the government would not be proceeding with a proposal to remove commercial agent licensing for "large transactions" in 2014. The Victorian Treasurer and Deputy Premier had announced the proposal as one of 36 "red tape reforms" in early January.

Licensing

It appears that the recommendation on commercial licensing by the NSW Independent Pricing and Regulatory Tribunal that the NSW Government should exempt commercial property agents who sell or manage property for a related corporate entity from the requirements of the Property Stock and Business Agents Act 2002 could be the thin edge of the wedge leading to deregulation of commercial property. In a letter from NSW Fair Trading to the EAC inviting them to a meeting to discuss the recommendation reference is made to the position in QLD where the Property Occupations Bill, passed in May, which exempts the requirement of a licence for commercial property above a certain value or floor area. The letter notes that "although the NSW draft Regulation does not include any reference to the possible exemption of commercial property work, this review has the opportunity to consider this matter".

New CEO at LJ Hooker

Business services specialist Grant Harrod has been appointed as CEO of LJ Hooker. Mr Harrod possesses extensive executive leadership experience, having formerly been CEO and Managing Director of ASX-listed Salmat Pty Ltd (2009 to 2013) and

CEO and Managing Director of Corporate Express Australia Ltd (2001 to late 2008).

LJ Hooker Chairman, Greg Paramor said: "The Board undertook an extensive six-month selection process to find the right candidate, and we're pleased to have found a CEO of Grant's calibre. We're impressed with his comprehension of the changing real estate marketplace and his vision for LJ Hooker aligns with our current network growth and market innovations."

Consumer protection

The Australian Prudential Regulation Authority (APRA) has released a draft prudential practice guide on sound risk management practices for residential mortgage lending by authorised deposit-taking institutions (ADIs). Residential mortgages constitute the largest credit exposure in the Australian banking system and for many ADIs, well over half their total credit exposures. APRA says it is seeing increasing evidence of lending with higher risk characteristics. The draft Prudential Practice Guide 223 Residential Mortgage Lending can be found on the APRA [website](#).

Australian businesses

The ABS released additional tables to its Counts of Australian Businesses, including Entries and Exits, Jun 2009 to Jun 2013 publication. With regard to real estate services, there were 35,019 businesses operating at 30 June 2013 – down from 36,236 in 2011/12. By employment size, 61.5% of businesses did not employ, 36.6% had up to 19 employees and only 1.8% had 20 employees and over. By turnover size, 25.6% of businesses reported turnover of less than \$50K at the end of FY 2012-13; 31.7% had a turnover size of \$50K to \$200K while 37.7% reported a turnover in the range of \$200K and \$2M. Only 5.0% of real estate services businesses had turnover exceeding \$2M.

MAKING NEWS

General national news



Tax and super

If you're developing or fine tuning a business plan, sales or marketing strategy, then the ATO's latest Taxation Statistics contains comprehensive data on the spread of income across the country, how people earn what they spend and the work-related expenses they claim.

The ATO's Julia Neville says *Tax Stats*, compiled from information in tax returns, activity statements and super fund reports, adds to our understanding of the Australian community.

"We work with the Australian Bureau of Statistics, Treasury, academic and professional bodies to ensure the data is easy to understand and as useful as possible."

The figures cover individuals, companies, superannuation funds, partnerships and trusts and include data on indirect taxes such as the GST, Fringe Benefits Tax, Fuel Tax, excise on alcohol and tobacco and more.

Key information is summarised in tables and graphs while more detailed data is available as excel spread sheets. For more information or to download the latest Taxation Statistics, go to ato.gov.au/taxstats

Adelaide Bank win

Being with the most affordable mortgage provider can save nearly \$5,000 a year, university research reveals.

The research compares 12 years of rate data from 39 Australian lenders and reveals the gap between the top and bottom to be almost 1 percentage point.

On a \$500,000 loan that equates to \$94 a week or \$4888 a year.

The research finds the most affordable and reliable mortgage provider to be Adelaide Bank, which lends \$17 billion to 82,000 home-loan customers, mostly outside South Australia.

Adelaide Bank general manager Damian Percy says the bank benefits from focusing on home loans — it doesn't offer credit cards or insurance — and from selling through mortgage brokers, which is cheaper. Plus it has stable and affordable funding from deposits held by parent company Bendigo and Adelaide Bank.

Home price beliefs in Australia

New, stylised facts about how Australian homeowners value their homes are now available. Using household panel data and unit-record data on home sale prices, The Reserve Bank of Australia found that, on average, homeowners' price beliefs are unbiased at the postcode level, although there is considerable dispersion in the difference between beliefs and prices across postcodes. Household characteristics, such as age and tenure and the regional unemployment rate are correlated with differences between beliefs and prices. For more, click [here](#).

Housing for people with dementia

In an ageing society such as Australia, there is growing recognition of the importance of planning for the future care of older people with dementia. Dementia is predicted to become the leading cause of disability by 2016, with the number of cases in Australia expected to approach 1 million by 2050. While there is growing literature around managing dementia, insight into the role of housing in supporting people with the illness and the planning and coordination of health and housing services has been limited. This project on the [Future Housing and Support Needs of People with Dementia](#) aims to address this gap.

Investment boom

Over the last four years, the number of investment property loans in Australia has grown by 37% compared to an increase of only 4% in the number of owner occupied loans. These are the latest findings from the Roy Morgan Research Consumer Single Source survey of approximately 50,000 people per annum.

In 2010, just under one million Australians aged 18+ had an investment property loan compared to an estimated 1.31 million as at March 2014. This growth represents an increase of 37%. Over the same period the number of Australians with an owner-occupied home loan increased from 4.66 million to 4.83 million, an increase of only 4%.

The growth in investment property loans over the last four years has come predominantly from the 35 to 64 age groups which account for 78% of the increase. The result is that 11.9% of the 50 to 64 age group now hold an investment property loan (compared to 9.4% in 2010) and 11.3% of the 35 to 49 age group had one (up from 8.5%). For more, click [here](#).

Australia ranks in the top ten

The latest Knight Frank Global House Price Index puts Australia at seven in the world in terms of house price growth in the past 12 months.

The index, which analyses price data from 54 different countries, found that house price growth had slowed throughout the world for the first three months of 2014.

Despite this for the first time since 2008, no single country tracked by the index recorded an annual price fall of more than 10 per cent.

Substantial growth in Sydney's property market has helped lift Australia's world ranking.

POLITICAL WATCH

Information and news from government



Broadband in apartments

According to the Department of Communication, a number of communications carriers are now approaching multi-dwelling building owners and strata title managers with proposals to install equipment to provide very fast broadband services. However there are complexities associated with some technologies that may limit the choice of retail telecommunications providers available. Building owners and managers need to carefully consider these issues.

Building owners and managers need to make their own decisions about competing proposals to install telecommunications equipment in their buildings and to provide services into the future. In doing so, the Department recommends that you consider whether:

- the proposal will provide building occupants with a choice of providers and competition into the future
- building occupants will be locked into the decision for a fixed period or in perpetuity
- other carriers will be able to or interested in installing competing cabling in the future
- carriers are correctly advising on their use of rights to access facilities, particularly in respect to in-building cabling.

To assist building owners and managers, the Department has prepared a short fact sheet. Click [here](#) for more.

NCC Reforms

Federal and state ministers have agreed to significant building regulation reforms to the National Construction Code (NCC).

Parliamentary Secretary to the Minister for Industry Bob Baldwin said the reforms would ensure the NCC was robust, without strangling the sector with red tape.

The forum agreed in principle to make the 2015 National Construction Code (NCC) and

future editions freely available and online, with details to be finalised in the coming months.

It also agreed to measures that are expected to lead to greater consistency in building regulations across the states and territories, by limiting variations to the NCC.

Mr Baldwin said other reforms were eliminating the NCC's purchase price (almost \$400), improving small business access to the NCC and increasing the number of building and plumbing practitioners able to access using the NCC from 12,000 to around 200,000 across Australia.

European House Borer

The WA State Government has committed \$4.9 million over four years to control the spread of the destructive wood pest European House Borer (EHB). WA Agriculture and Food Minister Ken Baston said EHB was a destructive insect which attacked seasoned softwood, including pine. "Without appropriate action, EHB has the potential to infest and damage the structural integrity of homes and buildings built with untreated pine," Mr Baston said. "This investment will help protect 300,000 Western Australian homes which could be at risk of infestation."

The program, run by the Department of Agriculture and Food WA, will provide surveillance to protect new and existing housing, enable localised eradication and restrict the movement of host timber material within management zones to limit the further spread of EHB.

PEXA update

Property Exchange Australia Limited (PEXA) has further developed the Release 2 deployment schedule since its original

announcement in December 2013. Parties crucial to the development of PEXA (including the individual Land Registries, State Revenue Offices, Reserve Bank and transacting Financial Institutions) all need to be at the same point in order to deploy transfer and financial settlement functionality later this year. More details available [here](#).

High Melbourne

One thousand apartments in central Melbourne have been approved by Victorian Planning Minister Matthew Guy, providing a boost to the high rise residential construction sector. "The residential construction sector in Victoria is proving very resilient," Mr Guy said. "These central city apartments are vital to meeting the residential needs of our growing population and around 2,000 Melburnians will live in these apartments eventually."

Cutting red tape

The South Australia Government is focusing on cutting red tape for landlords and tenants, with a new online bonds system. Minister for Business Services and Consumers Gail Gago said the Residential Bonds Online service allows for the secure online and paperless management of residential bonds 24/7. "This system has been designed to speed up and simplify the processes associated with residential bonds. This will benefit landlords, agents and tenants by enabling easier communication between parties and faster transactions. A transaction that once took weeks can now be done almost instantly."

THE WORLD

Property news from around the world



Dubai bachelor pads

Authorities in Dubai say they are intensifying their crackdown on working men and single women living in three residential areas, after neighbours complained.

The Dubai Municipality is stepping up inspections for a two-month period in the neighbourhoods as part of a five-year-old drive to keep groups of working men in “bachelor pads” and single women sharing accommodation together out of areas populated by families.

“We are increasing inspections in these areas,” said Jabir Ahmed Al Ali, head of the inspection unit at the Buildings Department. “We already do regular inspections all over Dubai, but we are rechecking these areas as there have been many complaints from families that bachelors are coming back.”

About 315 eviction notices were issued in the first six months of this year. Nearly 800 eviction notices were issued in all of last year.

In 2007, the municipality first began evicting single people from residential areas, citing overcrowding and security reasons. The campaign targets all single and married men and women who are living without their families. “Bachelors have different lifestyles. There could be a social impact on families living there. Security issues also might arise,” Mr Al Ali said.

The National.

Pets at large

Some apartment buildings allow tenants to have cats or dogs, but very few are okay with alligators.

A 51-year-old US man has learned that lesson the hard way after police seized a 4-foot

long gator from an apartment complex in Ocean Shores.

Police received several tips about the alligator, and when they arrived at the complex with a search warrant they found the reptile relaxing in the back seat of his owner’s car.

Police say the resident was trying to move the alligator before police arrived.

Officers turned the gator over to the Washington State Department of Fish and Wildlife. It’s unclear what they’ll do with him. A case has been sent to the City Prosecutor’s Office for review of possible charges against the resident.

Komonews.com

Qatar

The Minister of Economy and Trade in Qatar says the real estate sector will see new waves of recovery and prosperity in the coming years, thanks to infrastructure projects that have attracted large numbers of workers and expatriates. He says these will in turn increase the demand for housing projects, real estate and services such as schools and hospitals as well as development projects in the sectors of retail and commercial projects.

“Qatar is still facing challenges in the real estate sector. In the lead up to the World Cup 2022, Qatar needs to build 12 eco-friendly stadiums costing \$32bn, pave roads and streets worth \$20bn, construct 45 thousand hotel rooms and complete other projects costing billions of dollars,” he said.

“Qatar has made big leaps in investment and the real estate sector and we have

seen the enormous boom which has taken place in Qatar over the past decade through the investment of huge real estate projects,” said the minister.

China prices

Monthly home prices declined in China’s biggest cities for the first time in two years, real estate web portal firm Soufun has reported.

The average price of a new home in 100 major cities fell 0.3% from April to 10,978 yuan (\$1,760) per square meter, the first fall since June 2012. Investors have a love-hate relationship with China housing. Higher prices have them worried that banks would soon be overstretched with bad loans to developers as many projects were left vacant. But in cities like Shanghai, there is also a supply problem. Demand is keeping prices high.

New home prices rose 7.8% in May compared to the same month last year. That’s down from 9% gains in April, the fifth straight month of slowing growth.

In 31 cities, prices fell on an annual basis, with those in Wenzhou in China’s Zhejiang Province fell 8.3%.

Macro drivers are likely to drive the Chinese equity markets in the coming months.

First, a fresh and tougher round of anti-corruption measures has kicked off. Second, since the March meeting of Communist Party leaders, debt-ridden municipal governments have been getting their financial house in order while stabilisation of growth has been a mandate for the state owned enterprises.

Forbes.

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