REIANEWS
ISSUE 75: FEBRUARY 2018

Celebrating excellence in the real estate profession

2018 NATIONAL AWARDS FOR EXCELLENCE

DOLTONE HOUSE, JONES BAY WHARF, SYDNEY
THURSDAY 22 MARCH 2018

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REIA
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OF AUSTRALIA

Mr Malcolm Gunning
REIA President

PRESIDENT'S REPORT

WELCOME
FROM REIA'S PRESIDENT

Welcome to the first edition of REIA News for 2018.

Preparations are well underway for the 2018 National Awards for Excellence which is being hosted by the Real Estate Institute of New South Wales at Doltone House, Sydney on 22 March 2018. This month's REIA News features an article on the state finalists vying for the coveted national titles. I wish them all good luck. A link to the purchase of tickets for the event is in the article.

To the REIA Award sponsors our sincerest thanks, without the support of Industrie Media, JLT, MyConnect, RECON Daily, REI Forms Live, Rockend, Terri Scheer and VIEW, a night of such significance could not occur.

I would also like to thank all the judges for so willingly contributing their time and expertise in judging the contestants' submissions.

Next month we will feature the winners.

We also feature an article by the ATO on deductions associated with rental property. Some two million tax returns include rental property and the ATO is seeing mistakes in between 75% and 80% of these. A large area of mistakes is in the treatment of maintenance, repairs and capital improvements. This article addresses these.

Mr Malcolm Gunning
REIA PRESIDENT

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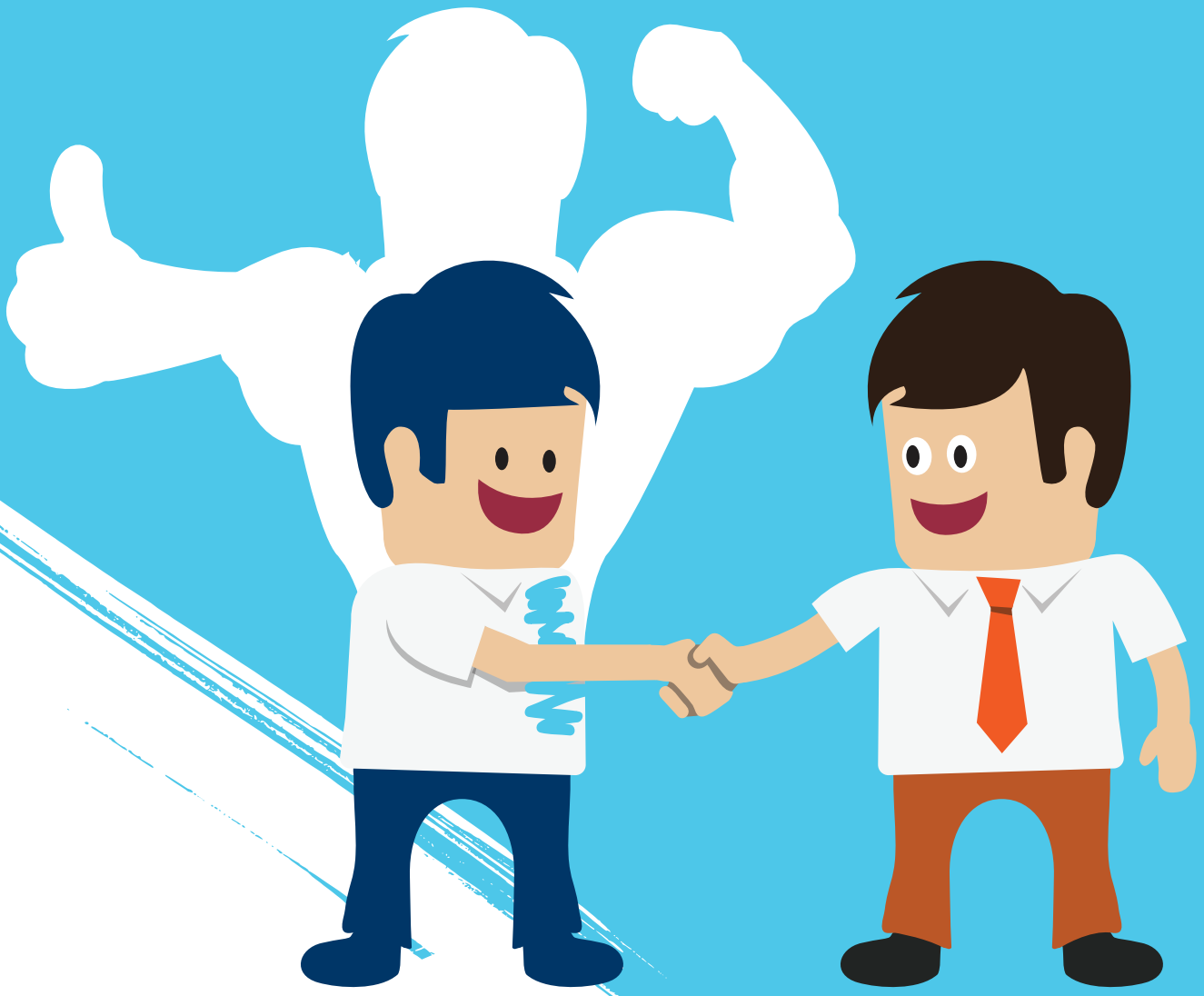

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REIA ANNOUNCES 2018 NATIONAL AWARDS FOR EXCELLENCE FINALISTS

Finalists for the Real Estate Institute of Australia's (REIA) 13th National Awards for Excellence were announced recently.

REIA President Malcolm Gunning said the awards, which are being held at Doltone House, Jones Bay Wharf in Sydney on Thursday 22 March 2018, recognize the best of the best in Australian real estate.

"This year the REIA National Awards for Excellence will be proudly hosted in my home state by the Real Estate Institute of New South Wales (REINSW) and competition is tighter than ever. A total of 86 entrants will compete for 16 awards and I am sure that this year's REIA National Awards for Excellence are going to be one of the best ever," Mr Gunning said.

The award categories cover all aspects of the real estate sector, including residential and commercial agencies, residential and commercial sales, residential and commercial property management, business brokers, buyer's agents, community service, innovation and communications.

FINALISTS

Large Residential Agency of the Year

ACT	Ray White Belconnen
NT	Real Estate Central
NSW	Di Jones Real Estate
SA	Toop&Toop Real Estate
TAS	Harcourts Signature
VIC	Methven Professionals Mooroolbark
WA	Harcourts Alliance

Medium Residential Agency of the Year

ACT	Peter Blackshaw Woden & Weston Creek
NT	First National Real Estate O'Donoghues
NSW	John Flood Estate Agents
SA	Varo Property Services
TAS	Harcourts Huon Valley
VIC	Nicholas Lynch Real Estate
WA	Bourkes

Small Residential Agency of the Year

ACT	Impact Properties Gungahlin
NT	Top End Real Estate
SA	Adcock Real Estate
TAS	Key2 Property
VIC	Keyhole Property Investments
WA	Mint Real Estate Claremont

Commercial Agency of the Year

ACT	Colliers International (ACT)
NT	Knight Frank NT
NSW	CI Australia
SA	LJ Hooker Commercial Adelaide
VIC	Colliers International (Victoria)

» *article continues*

Celebrating excellence in the real estate profession

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JOIN US AT THE 2018 REIA AWARDS FOR

excellence GALA DINNER

DATE
Thursday 22nd March 2018
6.00pm – 11.30pm

VENUE
Doltone House, Jones Bay Wharf
Heritage Wharf - Level 3
26- 32 Pirrama Road, Pyrmont

Residential Salesperson of the Year

ACT Colin McIntyre – McIntyre Property

NT Gennie Cox – Elders Real Estate Darwin

NSW Peter Chauncy – McGrath Estate Agents

SA Matt Smith – Klemich Real Estate

TAS Jim Playsted – Knight Frank

VIC Matthew Scafidi – Noel Jones Mitcham

WA Peter Clements – Mint Real Estate Claremont

Commercial Salesperson of the Year

NSW Sharon Yang – CBRE

SA Andrew Turner – Commercial SA

TAS Andy Howell – NAI Harcourts North

VIC Lewis Tong – CBRE

WA Anthony Vulinovich – Raine & Horne Commercial

Achievement Award

ACT Chantel Jones – Independent Property Group

NSW Maria Agostino – Colliers International

SA Michael Cavallaro – Varo Property Services

TAS Russell Yaxley – Downton Property

WA Scott Jordan – Professionals Stirling Clark Real Estate

Communications Award

ACT Burgess Rawson ACT

NSW Chadwick Real Estate

TAS 4one4 Real Estate

VIC Harcourts Victoria

WA Realmark

Innovation Award

ACT Impact Properties Gungahlin

NT Elaine Mills Property Management

NSW Raine & Horne Terrigal-Avoca Beach-Saratoga

SA Toop & Toop Real Estate

TAS 4one4 Real Estate

VIC Market Share Property

WA Realmark

Community Service Award

NT Simon Watts – Real Estate Central

NSW Christian Bracci – Raine & Horne Concord

SA Harcourts SA

TAS Key2 Property

VIC Biggin & Scott Knox

WA Professionals State Service Centre

» *article continues*

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» *continued*

Commercial Property Manager of the Year

ACT Chris Park – Knight Frank Australia

NT Tilly Rogers – Knight Frank NT

NSW Nick Botzolis – CBRE

SA Phillip Joncheff – McGees Property

TAS Liam Coyle – Knight Frank

VIC Linda Hawthorne - CBRE

WA Lisa Jansen - CBRE

Residential Property Manager of the Year

ACT Renee Bink – Independent Property Group

NT Jessica Maxwell – Real Estate Central

SA Peter Treacy – Harris Real Estate

TAS Tameka Smith – Key2 Property Launceston

VIC Natasha McLean – Woodards

WA Laura Levisohn – M Residential

Corporate Support Person of the Year

ACT Emily Antill – Peter Blackshaw Woden & Weston Creek

NSW Lesley Rattenbury – Leah Jay

SA Tara Stokes – Harris Real Estate

TAS Rachel Briggs – Sims for Property

VIC Bianca Dobson – Nicholas Lynch Rentals

WA Sandra Pereira – Abel McGrath Property Group

Buyer's Agent of the Year

NSW Amanda Gould – HighSpec Properties

VIC Lisa Parker – Parker Investment Properties

WA Raymond Chua – Momentum Wealth Residential Property

Business Broker of the Year

SA Simon Winter – Raine & Horne Business Sales

TAS John Blacklow – Knight Frank Hobart

VIC Blake Hedley – Mint Business Brokers

REIA President's Award

WA David Airey – Airey Real Estate

VIC Adrian Butera – Compton Green

SA Rosalind Neale – Neale Realty

ACT Stan Platis – Dexar Group

NSW Charles Tarbey – Century 21 Australasia

REIA Hall of Fame Inductees for 2018

WA Kent Cliffe – Momentum Wealth Winner of Buyer's Agent of the Year 2015, 2016 and 2017

SA Toop&Toop Real Estate Winner of Communication Award 2015, 2016 and 2017

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MILLENNIALS TO ECLIPSE BABY BOOMER REAL ESTATE SPENDING POWER IN NEXT FIVE YEARS

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

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We put you first

Millennials needing more help in understanding the buying process

Despite 74% of millennials requiring more help than usual in understanding the buying process, it is anticipated that the next five years will see millennials eclipse baby boomers' real estate spending power with 66.1% of those born between 1982-2002 choosing property over lifestyle.

With millennials earning more money than earlier generations, their buying budgets are anticipated to be well above those of Generation X and Y, and it won't be unheard of for some to make their first purchase in the realms of $500,000 to $750,000.

Ray Ellis, Chief Executive Officer, First National Real Estate says "The expectations we have for millennials from 2018 onwards is based on our members' observations, which mirror that of data we are seeing from the US. The next five years will see the most spending power of baby boomers eclipsed by millennials, with the majority focused on buying apartments as their first home – moderate commutes to work will be acceptable but the majority will not find the outer suburbs of metropolitan areas very appealing. In essence, millennials are driven by lifestyle. The norm is now I want it, I've earned it, I can have it. By necessity, the lifestyle changes that are required to become a property investor are no longer mandatory."

Millennials are expected to purchase apartments as their first property and seek out homes in locations that complement their lifestyle, are close in proximity to transport and their employment.

They will also seek out property that is 'move-in-ready' rather than renovator's specials, with 48% buying newly constructed homes to avoid plumbing/electrical problems compared to 34% of other buyer demographics.

Internet connectivity has a significant influence in their buying decisions, with the generation geared to seek out property online that is picture-perfect, and they regard internet speeds and choice of telecommunication providers as incredibly important to assessing a potential home. Television lifestyle shows also play a role in their real estate requirements with current home styling and design trends high on the must-have list.

Seeing property only as a stepping-stone, millennials are expected to hold onto their first home for six years before moving on to the next better one compared to 10 years for previous generations.

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AUSTRALIAN TAXATION OFFICE

PROPERTY MANAGERS: HELPING YOUR CLIENTS CLAIM THEIR TAX DEDUCTIONS

The ATO understand that property management is no longer just collecting the rent; it is a comprehensive management service that you offer to your clients. An important part of this service is to ensure your clients can trust the documentation you produce and that includes the summary statements each month and at the end of the year, for tax time.

Clients use the annual statement to prepare their income tax return and when you correctly classify expense incurred in these statements you help your client reduce the time they need to put into their tax return and reduce the risk of the ATO reviewing their claims.

For tax purposes some rental expenses are commonly confused. However, once you understand them, you will find it much easier to put together statements for your clients.

1. Repairs

A repair generally involves a replacement or renewal of a worn out or broken part, where the wear and tear occurs as a result of renting out the property.

Example: *Some of the roof tiles of your client's property were damaged in a storm. You organise for the tiles to be replaced with the same or similar quality roof tiles, and only replace the broken ones.*

2. Maintenance

Maintenance of a property involves fixing deterioration or taking steps to prevent deterioration which occurs while the property is tenanted.

Example: *The back deck of your client's property is starting to show some wear. You organise for the deck to be re-oiled, to ensure it stays in good condition.*

3. Initial Repairs

Initial repairs are different to repairs because they relate to repairing damage that existed when your client bought the property. Whether they knew about the damage when they bought their property doesn't make any difference. Likewise, even if the property is rented out for several years, the cost of repairing damage that existed when the property was bought must still be classed as an initial repair. You could include a note on the statement to remind your client to talk to their tax agent about correctly claiming this expense.

Example: *Your client bought a rental property that has some walls that need repainting and wooden floorboards that need repolishing. Your client asks you to just focus on the repainting so they can get a tenant in as soon as possible. A year later the tenant moves out and your client asks you to arrange*

» *article continues*

PROPERTY MANAGERS: HELPING YOUR CLIENTS CLAIM THEIR TAX DEDUCTIONS

» *continued*

for the floorboards to be polished. Even though the floorboards were polished after the property had been tenanted, the cost for both the floorboards and painting must be classed as an initial repair because the damage existed when your client bought the property.

4. Capital Works/Capital Improvements

Capital works, also known as capital improvements, relate to improving your client's rental property. Improvements can be as small as upgrading the door handles to modernise the house, or as large as building a carport, or renovating the kitchen.

Again, you may like to include a note on the statement to remind your client to talk to their tax agent about correctly claiming this expense.

Example: *Your client owns a rental property that they have rented out for a number of years, and is starting to look dated. They ask you to modernise it so they can attract a higher rental rate from their tenants. You arrange for the tapware, door handles, and bathroom towel/toilet rails to be replaced with more modern items. You also install new carpet. When compiling their statement, you would class the tapware, door handles and bathroom rails as capital works and the carpet as a depreciating asset.*

5. Depreciating Assets

A depreciating asset is an item that has a limited life expectancy (it will wear out over time), and will likely decrease in value in line with use. Depreciating assets can include carpet, curtains/blinds, furniture (if the rental is furnished by your client), dishwasher or any other appliances your client includes for the tenant's use.

It's important to remember that the law around deductibility of second hand depreciating assets has recently changed. You will want to understand these rules so that you can best advise your client on whether to purchase new or second hand items, see here.

Example: *The tenant informs you that the washing machine provided with the rental property is not working. You arrange for a repair person to inspect the machine, and they advise it will need to be replaced. You then buy and install a new washing machine for your client's property. You would class the cost of the inspection as a repair, the cost of buying the new machine as a depreciating asset and any installation cost as maintenance. Where the amount is not separated and the invoice reads supply and install; your client will need to depreciate the entire amount.*

Your efforts to get the classification right for your client's statement will mean that the expenses are claimed at the correct labels in their tax return and enable them to claim the right deductions each year.

To help you succeed, the ATO has put together a quick classification guide that you can refer to when compiling client statements.

For more information, visit www.ato.gov.au/rental

» *article continues*

PROPERTY MANAGERS: HELPING YOUR CLIENTS CLAIM THEIR TAX DEDUCTIONS

» *continued*

The ATO's Quick Classification Guide

Print this out or save a copy to your computer for when you're developing client reports.

Are you replacing something that is worn out, damaged or broken as a result of renting out the property?	This is likely to be a **REPAIR**	e.g. replacing some guttering damaged in a storm or getting in a plumber to fix a leaking tap
Are you preventing or fixing deterioration of an item that occured while renting out the property?	This is likely to be **MAINTENANCE**	e.g. getting faded interior walls repainted or having the deck re-oiled
Are you repairing damage that existed when the property was bought (whether it was known at the time of purchase or not)	This is likely to be an **INITIAL REPAIR**	e.g. fixing floorboards that had damage when the property was bought
Are you replacing an entire structure that is only partly damaged? Or are you renovating or adding a new structure to the property?	This is likely to be **CAPITAL WORKS**	e.g. replacing all the guttering, not just the damaged portion, adding a carport or updating the door handles
Are you installing a brand new appliance or floor/window covering?	This is likely to be a **DEPRECIATING ASSET**	e.g. buying a brand new dishwasher or installing new carpet.

The rules around claiming a deduction for each of these items vary. You should always suggest to your client that they speak with their tax agent to help them get their claims right.

UNDER PROMISE AND OVER DELIVER

This article is brought to you by the Real Estate Institute of New South Wales

Women under promise and over deliver, according to Amanda Farmer, who says women have the power to change the way they are perceived.

Amanda, Director of Lawyers Chambers on Riley, spoke at REINSW's Women in Real Estate Conference about how women can empower themselves to improve their career.

She explained: "You need to turn up every single day and be unapologetically you. Instead of shaping ourselves to fit the established male mould, we need to remember it's okay to be the way we are. I believe women should showcase and harness typical female attributes like empathy, resilience, perseverance, and determination.

"These are the hallmarks of high quality professional advice, and are in our DNA. Who better than a working mum to be highly organised and efficient, and to bring that skill to her business and to her clients? Who better to creatively resolve conflict?"

She added: "It's important to invest in yourself and take it to the next level. I just want to remind you that if you want to be pink in a sea of blue and grey, you can be pink. Be billion-dollar pink. The fact that you're a woman in real estate today puts you in a powerful position. Just remember to use that power wisely."

A crouching tiger is a valuable asset

Amanda added that women in traditionally male dominated professions, have always had to work harder and have higher standards to prove themselves.

"We under promise and we over deliver, and it turns out that's a good business strategy. We're underestimated based solely on the way we look, which is a mistake. A crouching tiger can be a valuable asset.

"You have the power to affect real change by turning up and doing it your way. If you use it wisely, you're going to live a happier, more meaningful professional life and inspire others around you. Here's the kicker, it just might be good for business."

» *article continues*

UNDER PROMISE AND OVER DELIVER

» *continued*

Strata is growing fast

Amanda explained how strata is the fastest growing form of residential property accommodation in Australia. The 2016 Census results revealed that the number of occupied apartments has increased 76% in the last 25 years.

It's also estimated that by 2030 the strata industry will be managing the same value in assets that the superannuation industry is managing today.

Amanda said: "When you have a fast changing, rapidly growing sector, you have challenge, but you also have opportunity. Women in real estate are uniquely placed to ride this wave of opportunity.

"American research this year said that single women are buying property at twice the rate of single men. You're talking to them, but are you really connecting with them in a way that only you can as women talking to women with shared experiences, telling each other your stories?"

Women in Strata

Amanda launched a network group called Women in Strata after writing a blog about issues she was experiencing as a woman in business and has recently launched a mentoring programme.

Not resting on her laurels Amanda also launched a podcast called Your Strata Property, which she says is the only strata specific podcast.

"It's easy to do, it's relatively cheap, and you can build your authority really quickly and make connections. Through the podcast I developed a membership site, which strata members can join and pay a small monthly fee to access information and guidance from strata experts.

"You want to offer your clients something unique, and that starts by building deeper connections."

Amanda has also created a free eBook available at stratabonus.com which has 'six things you must know about owning a strata property'.

"It's something that you can use to get this conversation started with the clients you want to work more closely with, and the clients you want to start building a connection with."

Source: The Real Estate Institute of New South Wales

ARE YOU READY FOR THE PROPOSED CHANGES TO THE UNIT TITLE LEGISLATION IN THE ACT?

This article is brought to you by Christine Murray
Managing Partner,
Meyer Vandenberg

What are the proposed Unit Title reforms?

Following from the lead of neighbouring jurisdictions who have made legislative changes affecting unit owners, particularly in complexes which include 'mixed use' development (i.e. commercial, retail and residential uses), the ACT Government is determined to re-vamp the Unit Title legislative regime.

Unit Title reform has been on the Government's agenda for quite some time, with work undertaken in earnest in the last year or so.

The main changes being proposed and discussed with various interest groups in the ACT are:

1. to create a new, tiered governance model for units plans in which each part of the complex would have a member or members elected to a governing body that would monitor and oversee the maintenance and upkeep of areas common to all units (shared areas);
2. existing units plans could opt in to the new tiered governance model;
3. a management statement would be required under the legislation to regulate and outline the way in which the governance model would operate;
4. to clarify the notion of common property, in order for owners and owners corporations to more clearly understand where boundaries start and finish;
5. to review percentage thresholds for passing relevant resolutions at owners corporation meetings;
6. to review disclosure requirements to buyers of units; and
7. other changes allowing developers of staged projects more flexibility to make minor amendments to plans prior to registration.

The big change – new tiered governance model

The new legislation has not yet been drafted by the ACT Government. However, based on our industry knowledge and knowledge of legislation in other jurisdictions, it is our view that the proposed tiered governance model is likely to include the following attributes:

1. a unit title management committee will be established, comprised of representative members from each of the parts of the complex. For example, there may be a representative of the residential unit owners, and a representative of the commercial unit owners;
2. the unit title management committee will be an over-arching body that assists with the management and upkeep of the shared areas and shared facilities within the complex;
3. a unit title management statement will document the separate responsibilities and obligations of the owners of each part of the complex, for example, to vote on certain matters, or to contribute to particular costs for the shared areas and shared facilities; and

» *article continues*

ARE YOU READY FOR THE PROPOSED CHANGES TO THE UNIT TITLE LEGISLATION IN THE ACT?

» *continued*

4. the unit title management statement will be a registerable document forming part of the units plan.

In our view the above scenario would also be workable for those projects which include stratum leases, as each stratum lease could appoint a representative member to the unit title management committee.

New tiered governance – similar to, but not the same as, community title

In our view, the proposed tiered governance model is similar to the existing community title scheme in the ACT.

However, the existing community title legislation does not permit owners to be grouped based on the use of their units.

What does the Unit Title reform mean for strata managers?

When the draft legislation is released, unit owners in the ACT are likely to see newspaper articles regarding the proposed reforms.

Strata managers need to be ready with some initial information on how the new model will work in practice, and be ready to recommend the manner in which existing owners corporations can opt in to the new model if so desired.

Meyer Vandenberg is across the practical implementation and legal drafting of management statements such as those which may be proposed by the Unit Title reform. Our firm is able to assist owners and owners corporations in interpreting and complying with the new legislation when it is released.

For more information contact the Property Commercial & Finance Team:

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INDUSTRY UPDATE

Industry news from around Australia

Maintaining and repairing common property

Find out the responsibilities of strata managers and owners corporations with repairing and maintaining common property.

Shane Foley, co-director of BIV Reports Limited, and Christine Nesbit, Principal of Albury Wodonga Real Estate, recently held a webinar with REINSW to discuss key issues around common property repair and maintenance.

Watch the webinar in full here.

What does the legislation say?

Shane explained that one of the most important sections in the *Strata Schemes Management Act 2015* (SSMA) is Section 106, which relates to the duty on the owners corporation to repair and maintain common property.

He said: "If you're new to the industry, you need to be aware that owners corporations cannot refuse to fix an item if it's a safety item."

"There is a duty to repair and maintain the property and you're in breach of the Act until that property is repaired."

He added that the new legislation has seen the addition of Subsection 5, where a lot owner may recover expenses and damages from the owners corporation because they've failed to repair and maintain common property. This gives the lot owner a direct course of action against the owners corporation.

Funding of maintenance and repair

Section 80 of the SSMA 2015 explains that owners are required to prepare a 10-year capital works fund plan to ensure they have necessary funds to repair and maintain a property.

Shane added that section 102 refers to the limits on spending by large strata schemes, which is $30,000, and how if you spend over a certain process needs to be followed. The other instrument that dictates how much you can spend is the Management Agency Agreement.

Christine added: "We contact the owners corporation to keep them informed about repairs and it's a good way to build a connection because it's important you have trust and transparency."

Who's responsible for repairs and maintenance?

Section 107 explains how the by-laws of strata may adopt a Common Property Memorandum which specifies who's responsible for maintenance and repairs.

Christine says that you should always refer to the base documents when a repair or maintenance issue comes in.

She added: "If you operate a strata management business, repair and maintenance is a huge part of your management. Read what the surveyor's report says on the plan, read the Common Property Memorandum, read what by-laws have been put in place, go through your documents, and know your strata schemes, and what you're responsible for."

Exclusive use by-laws

Section 108 describes how the owners corporation can provide an exclusive use by-law, and how in these situations the repairs and maintenance moves from the owners corporation to the beneficiary.

Christine explains that if they don't fix it, you can on their behalf and raise a special levy for the collection of those funds.

Shane added that Section 108, Subsection 4, says that if the by-law doesn't specify a maintenance responsibility, it defaults to the owners corporation to comply with Section 106. He also explains that Section 144 requires any exclusive by-law to provide for the maintenance of the property.

Owners corporation responsibility

Section 120 specifies that the owners corporation may carry out work on behalf of others when necessary and Section 122 delegates power to the owners corporation to enter a property to carry out work. This could include getting window locks installed, dealing with tenants, or asbestos inspections.

Best practice for a strata manager

Christine explains how she inspects her buildings around four times a year, and says it's best to be 'proactive and be on the front foot'.

She added: "Know your laws because when you're talking to your owners corporation, this puts you in control. They can't dispute it and it doesn't muddy the waters.

» *article continues*

INDUSTRY UPDATE

Industry news from around Australia

» *continued*

"Make sure you keep file notes of everything, and have a good work order system. Make sure you inspect the works once completed and ensure your tradies are reputable and they have legal liability and insurances before you send them out on site."

Shane said that the Strata Schemes Development Act says, 'common property, in relation to a strata scheme, or proposed strata scheme, means any part of a parcel that is not comprised in a lot, including any common infrastructure that is not part of the lot in the strata scheme', which means anything outside the lot boundaries is deemed to be common property.

Shane added: "It is important as a strata manager that you consider the standard definition of common property. Consider the Strata Plan, and if it's pre-1974 get a special consideration. Find out if your scheme has a Common Property Memorandum site because it will tell you who's responsible for what items. Also, is there an exclusive use by-law over that item?"

Source: The Real Estate Institute of New South Wales

Perth property market begins its recovery in December quarter

The Perth property market ended 2017 on a positive note, with December quarter data showing improvements in median prices, sales activity, listing levels and average selling days.

REIWA President Hayden Groves said it boded well for Perth that all key indicators had improved over the quarter.

"The Perth market found its floor and stabilised in the back half of 2017. We now appear to be entering a recovery phase, though REIWA remains cautious about expectations of rapid growth in the next 12 months," Mr Groves said.

Median house and unit price

Perth's preliminary median house price increased 1.2 per cent to $516,000 in the December quarter 2017.

"Once all sales have settled, we expect the final December quarter median to lift to $520,000, which is a notable improvement on the September quarter median of $510,000.

"On an annual basis, the Perth market is very stable. We've observed consistent price levels between the December 2016 and 2017 quarters which is a strong signifier the market has turned a corner," Mr Groves said.

Perth's median unit price is $405,000 for the December 2017 quarter which is a 1.3 per cent increase on the September quarter.

"It's encouraging to see Perth's house and unit medians increase over the quarter because it suggests one sector hasn't recovered at the expense of the other," Mr Groves said.

Sales activity

There were 4,946 dwelling sales in Perth in the December quarter. Mr Groves said this figure was expected to lift to 6,700 once all sales had settled, putting it significantly above the September quarter sales figure. "Traditionally, the September quarter outperforms the December quarter, but that wasn't the case in 2017. The December quarter is on track to record 14 per cent more sales than the September quarter," Mr Groves said. REIWA analysis shows the composition of sales shifted in the December quarter in Perth, with more transactions occurring above $700,000. "We've observed a surge of activity in Perth's aspirational suburbs, with buyers recognising there is good opportunity to secure a home in these areas which might have previously been considered unattainable by many," Mr Groves said. "This spike in sales above $700,000 has also contributed to Perth's median house price increasing over the quarter."

Source: The Real Estate Institute of Western Australia

Larger homes rebound in December as owner-occupiers return

Increased market participation by owner-occupiers has boosted the price of larger homes across the city.

New REIV data shows three-bedroom houses outperformed all other property types in the December quarter, increasing 2.6 per cent to a citywide median price of $730,000.

REIV President Richard Simpson said traditional three-bedroom family homes in the city's outer suburbs experienced the strongest price growth, up 17.2 per cent over the quarter to a median of $587,000.

"Space is at a premium in Melbourne, which is encouraging more family

» *article continues*

INDUSTRY UPDATE

Industry news from around Australia

» *continued*

buyers to consider established suburbs in the city's outer ring," he said.

"The bridesmaid effect is really driving buyers with families further from the city, with strong growth within 20km of the CBD pricing owner-occupiers out of these markets."

"Changes to densification and height restrictions in the past year have increased demand from developers in the inner and middle rings, with larger homes and land blocks in these areas pinpointed for future development."

"Traditional homes in outer Melbourne remain relatively affordable by comparison, with buyers able to purchase a home with a backyard for less than half the price of those in inner Melbourne."

Melton and Melton South in the city's west experienced some of the strongest quarterly price growth for this property type, up 17.8 and 14.7 per cent respectively. Despite the growth, the median price of a three-bedroom house in both suburbs remains under $400,000.

"Suburbs better known for their affordability were the city's top performers for family homes, as buyers looked for new growth areas to enter the market."

Mr Simpson added that four-bedroom homes had also performed strongly in the December quarter, up 2.5 per cent to a citywide median of $851,000.

Hoppers Crossing in the south-west saw the largest increase for four-bedroom houses with the median price increasing 12.6 per cent to $595,000.

Meanwhile, citywide two-bedroom houses are the most expensive property type with a median price of $900,000.

Source: The Real Estate Institute of Victoria

Training reforms moving ahead

REINSW CEO Tim Mckibbin said the real estate training reforms passed by the NSW Legislative Assembly recently is a generational change and is the culmination of 10 years of lobbying by the Institute.

Education requirements for a career in real estate will increase by 600%. This is a win for the consumer and the property services industry.

The days of becoming a real estate agent in less than a week are finally over.

The Institute also celebrates its lobbying success with significantly improving the CPD obligations of agents.

CPD is essential to keep an agent's professional skills sharp and current. A better educated agent delivers a better consumer outcome.

The Bill will now be sent to the NSW Legislative Council and could be heard at its next sitting on 6 March 2018. Members of the Council will decide if the Bill is passed, amended or rejected.

If it is passed it will be sent to the Governor of NSW for his assent.

Source: The Real Estate Institute of New South Wales

FIABCI NEWS

FIABCI
INTERNATIONAL REAL ESTATE FEDERATION

EVENT

FIABCI World Congress 2018

FIABCI-Dubai is the host for the 69th FIABCI World Congress, in partnership with the Dubai Real Estate Institute. The event is expected to attract 1,000+ real estate professionals from 60 countries to exchange views and explore the theme of "Happy Cities."

To accommodate the best time to be in Dubai, the event has been moved earlier in the year to 27 April to 2 May 2018. Be sure to keep these dates open and plan to travel to Dubai – one the world's most exciting global destinations.

Newsletter – January 2018

Global Real Estate Events Calendar 2018

Australian Government
Department of Social Services

TIS TRANSLATING AND INTERPRETING SERVICE

Free Interpreting Service for Real Estate Agencies

The Free Interpreting Service aims to provide equitable access to key services for Australian citizens and permanent residents with limited English language proficiency.

Real estate agencies can access the Free Interpreting Service to discuss any private residential property matter with their clients.

Why real estate agencies use interpreters

Australia has a rich cultural diversity. The 2016 census revealed that Australians were born in almost 200 different countries and speak more than 300 languages.

Real estate agents are obliged to make sure that clients properly understand details of transactions, particularly when entering into legally binding agreements, such as tenancies and sales contracts, or when explaining tenancy obligations.

Real estate agents can use credentialed interpreters to communicate technical or complex information and to establish a relationship with clients who have limited or no English language proficiency.

Using the Free Interpreting Service is easy and convenient. It is quick and simple to register and you will be connected to a phone interpreter within a few minutes.

Services available to real estate agencies

Any property manager, office support staff, or real estate agent can use the Free Interpreting Service to access phone interpreting services delivered by TIS National, including:

- immediate phone interpreting
- pre-booked phone interpreting

Immediate phone interpreting is most useful for unplanned interactions. It provides:

- access to over 3000 interpreters in 165 different languages
- interpreting services 24 hours a day 7 days a week
- connection to an interpreter within a few minutes of calling.

Pre-booked phone interpreting is useful for planned interactions, such as appointments for signing rental agreements, or if you need to request a less common language.

Eligibility

Real estate agencies are eligible to access the Free Interpreting Service if they:

- hold a real estate agency licence
- provide private residential property services (rental or sales), and
- provide services to clients that are primarily Australian citizens or permanent residents.

The Free Interpreting Service can be used for any private residential property matter, including but not limited to:

- signing new tenancy agreements
- organising an inspection
- consulting with owners wishing to sell their house
- consulting with buyers wishing to buy a house
- completing the sale of a house.

Register for a client code

To register for a client code, complete the online client registration form on the TIS National website, or allow a few extra minutes the first time you use the service.

You can also register by contacting TIS National on 1300 575 847 or at tis.lpl@border.gov.au.

How to access the Free Interpreting Service

1. Call TIS National on 131 450
2. Provide the operator with the language of the interpreter that you need
3. Provide your client code and the name of the real estate agency
4. Request an interpreter of a particular gender, if required (subject to availability)

More information

Read: about the Free Interpreting Service on the DSS website at.

Visit: the TIS National website to watch videos about TIS National services and how to work with interpreters. You can also find free promotional materials in the TIS National catalogue and order these from the website using the promotional materials request form.

Contact TIS National: 1300 575 847 or tis.lpl@border.gov.au.

POLITICAL WATCH

Information and news from government

Dwelling approvals fall 1.7 per cent in December

The number of dwellings approved fell 1.7 per cent in December 2017, in trend terms, and has fallen for three months, according to data released by the Australian Bureau of Statistics (ABS) recently.

"Dwelling approvals have weakened in December, driven by a large decline in private dwellings excluding houses," said Daniel Rossi, Director of Construction Statistics at the ABS. "Approvals for private sector houses have remained stable, with just under 10,000 houses approved in December 2017."

Dwelling approvals decreased in December in the Australian Capital Territory (35.0 per cent), the Northern Territory (12.9 per cent), New South Wales (5.6 per cent), South Australia (2.4 per cent), Western Australia (1.3 per cent) and Queensland (0.8 per cent), but increased in Tasmania (3.1 per cent) and Victoria (2.5 per cent) in trend terms.

In trend terms, approvals for private sector houses fell 0.2 per cent in December. Private sector house approvals fell in South Australia (1.5 per cent), Western Australia (0.9 per cent) and New South Wales (0.2 per cent) but rose in Queensland (0.4 per cent). Private house approvals were flat in Victoria.

In seasonally adjusted terms, dwelling approvals decreased by 20.0 per cent in December, driven by a fall in private dwellings excluding houses (39.2 per cent), while private house approvals rose 1.0 per cent.

The value of total building approved fell 0.3 per cent in December, in trend terms, after rising for 11 months. The value of residential building fell 0.2 per cent while non-residential building fell 0.4 per cent.

Source: Australian Bureau of Statistics

Territory Government welcomes Commonwealth funding for remote housing

The Northern Territory Labor Government has welcomed the announcement from the Commonwealth Government to match our 10 year $1.1 billion investment into remote housing.

Minister for Housing and Community Development Gerry McCarthy said it is pleasing to hear that the Federal Government recognises how serious Territory Labor is about improving the lives of people living in the bush.

"We made an election commitment to tackle the housing deficit seen in our remote communities by investing a record $1.1 billion into our remote housing program Our Community. Our Future. Our Homes," he said.

"The announcement recently by Indigenous Affairs Minister Nigel Scullion to match this ten year program dollar for dollar is a welcomed one.

"I look forward to meeting with Minister Scullion in the coming weeks to finalise the details.

"It is also critical that the Federal Government matches our $50 million per annum land servicing commitment to support the delivery of the housing program.

"A recent report released by the Federal Government highlighted that the Northern Territory has more than half of the nation's remote housing deficit with the least capacity to pay for it.

"This underlines the importance of the Northern Territory and Commonwealth Governments working together to address the need.

"Since September 2016 more than 780 houses have been built or improved across remote communities. This latest announcement from Minister Scullion means we can continue on that path of improving the lives of people living in the bush.

"With *Room to Breathe Early Works* continuing in a number of communities across the Territory, and our first Homebuild NT tender recently released, 2018 will be an exciting year delivering improved housing for remote Territorians."

Source: Northern Territory Government, Gerald McCarthy, Minister for Housing and Community Development

Clamping down on tax evasion

The Government has recently introduced legislation that delivers on its 2017-18 Budget commitment to strengthen compliance with GST law in the property development sector.

Under the new arrangements, purchasers will withhold the GST on the purchase price of new residential premises and new residential subdivisions, and remit the GST directly to the Australian Taxation Office (ATO) as part of settlement.

The Minister for Revenue and Financial Services, the Hon Kelly O'Dwyer MP, said

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POLITICAL WATCH

Information and news from government

» *continued*

these changes will prevent tax evasion by unscrupulous property developers that fail to remit the GST on sales of new residential premises and new subdivisions, despite having claimed GST credits on construction costs.

This failure to remit GST is often associated with 'phoenixing' – where a developer dissolves their business and sets up a new entity to avoid remitting the GST to the ATO.

"This measure clamps down on dishonest developers and levels the playing field for developers who pay the right amount of tax," Minister O'Dwyer said.

"The Government has consulted with industry to develop legislation that effectively addresses this type of tax evasion while minimising compliance impacts on industry and purchasers," the Minister added.

The measure has a two-year transitional arrangement to provide certainty for existing contracts. Contracts entered into before 1 July 2018 will not be affected by this change as long as the transaction settles before 1 July 2020.

This schedule is part of a broader package of Turnbull Government initiatives to strengthen tax integrity to ensure all entities pay the right amount of tax.

These measures include tackling GST fraud in the precious metals industry, improving the integrity of small business capital gains tax concessions, toughening the multinational anti-avoidance law, introducing the diverted profits tax and tightening the thin capitalisation rules.

Source: The Hon Kelly O'Dwyer MP, Minister for Revenue and Financial Services

HomesVic applications set to open

The Andrews Labor Government is making it fairer and easier for hundreds of Victorians to buy their first home.

The launch of HomesVic – a ground-breaking shared equity scheme that will help up to 400 eligible first home buyers by reducing the amount of money they need to purchase their own home.

Under the scheme, first home buyers who meet the eligibility criteria will only need a five per cent deposit, and the Government to take a proportional beneficial interest of up to 25 per cent in the property.

When the properties are sold, participating buyers will pay off the proportional beneficial interest, which the Government will reinvest in other homes.

A broad range of metropolitan and regional areas are included in the scheme – including 85 Melbourne suburbs, 130 regional towns and suburbs, and seven peri-urban towns.

The pilot scheme is backed by a $50 million fund and will be targeted at first home buyers on low to moderate incomes.

The initiative is a key part of the Labor Government's Homes for Victorians package, which includes significant stamp duty reductions for first home buyers and changes to the First Home Owner Grant to make it easier to buy a home in regional Victoria.

The Labor Government has also abolished stamp duty for first home buyers purchasing new and existing homes up to $600,000, and provided discounted stamp duty up to $750,000.

In the six-months to 31 December 2017, more than 9,700 first home buyers across Victoria paid no stamp duty, while another 2,000 paid reduced stamp duty – representing a saving of $212 million for first home buyers.

Applications will officially open at 9:00am on Monday, 19 February. For more information, visit homesvic.vic.gov.au

Source: The Hon Tim Pallas MP, Treasurer, Minister for Resources, Victorian Government

Increased land tax for foreign investors in the ACT

Beginning 1 July 2018, foreign investors in the ACT will pay an additional annual land tax surcharge of 0.75 per cent on the average unimproved value of their residential properties in the ACT.

The ACT Government is implementing these changes to help rebalance the housing market in favour of local buyers.

The surcharge, which is included in the upcoming ACT Budget Review, is one of a suite of measures introduced by the ACT Government to assist local home buyers. It also brings the ACT into alignment with New South Wales, which introduced a land tax surcharge for foreign investors in 2017.

The charge is estimated to raise around $4 million in additional revenue from 2018-19 to 2020-21.

The charge will only apply to foreign investors. ACT and Australian residents will not pay the new charge, and neither will homeowners who live in their property. Further details of the surcharge will be released as legislation is tabled.

Source: ACT Government

THE WORLD

Property news from around the world

New Zealand residential property market saw strong end to 2017

The property market in New Zealand ended 2017 strongly with house prices up 5.8% year on year in December, the latest index data shows.

This took the median house price to $550,000, according to the index from the Real Estate Association of New Zealand (REINZ).

When Auckland is excluded the figures show that prices for the rest of the country increased by 6.6% to $450,000. While in Auckland prices increased 1.8% to $870,000.

Bindi Norwell, REINZ chief executive, pointed out that median house prices across New Zealand have increased $30,000 since the same time last year and this increase has defied the predictions of many commentators who 12 or 13 months ago were adamant that house prices would fall in 2017.

'While the increase will be welcome news to those looking to sell their property, for those first home buyers this will not have been what they were hoping for. Although there is some hope as the rate of price increases has decreased significantly compared to previous years meaning that if the trend continues, there is more of a chance that those saving for a house deposit can keep up with increasing property prices,' she explained.

She also pointed out that in Auckland it is the first time that all seven districts have had a median price of in excess of $700,000 highlighting how expensive the city is becoming. Additionally, North Shore City has reached a record median price of $1,113,000.

'December represented a continuation of the theme we have seen throughout 2017, whereby the number of properties sold across New Zealand decreased every month when compared with the same month in 2016,' said Norwell.

'It's a tough comparison, because 2015 and 2016 were very strong years for the industry, and set quite a high bar, so any comparison was always going to be more moderate beside these outlier years,' she explained.

Source: PropertyWire.com

Property price growth in Europe set to be led by Portugal, the Netherlands and Ireland

Property markets in Europe are likely to see some softening this year and next with mixed fortunes for many countries and the UK facing Brexit risks, according to a new analysis.

Supply shortages will help keep momentum going in some markets, particularly in Portugal and the Netherlands which, along with Ireland, will lead property price growth, says the S&P market report.

It predicts that all the main nations will see house price growth in 2018, 2019 and 2020 but to a varying degree. In 2018 annual price growth is forecast to be highest in Portugal and Ireland, both at 8.5%, followed by the Netherlands at 7%.

It also forecasts annual growth of 3.5% in Spain, 3.4% in Belgium, 3% in Germany, 2% in France, 1.8% in Switzerland, 0.6% in Italy and 0.5% in the UK.

In 2019 Portugal is likely to lead price growth at 7%, followed by Ireland at 6%, the Netherlands at 5.3%, Spain at 3%, Germany at 2.7%, Belgium and France both at 2%, Switzerland at 1.9%, and Italy and the UK both at 1.5%.

But, while the rise in house prices was the strongest since 2012, the report says there are early signs that the trend is now levelling off and first time buyers are reporting increased difficulty in entering the market. Prices are forecast to continue rising but much less than last year and mainly in the nation's largest cities such as Paris.

In the UK is it predicted that prices will suffer from Brexit headwinds, compounded by reduced buy to let activity resulting from the stamp duty surcharge on additional homes and a less favourable tax regime for landlords.

The report says that overall the UK housing market activity continues to broadly stagnate and a very limited number of properties on the market continues to underpin prices while affordability is set to remain extremely stretched in some areas, especially in London.

Source: PropertyWire.com

» *article continues*

THE WORLD

Property news from around the world

» *continued*

China dominates global city rankings for house price growth

Chinese cities recorded the strongest mainstream house price growth in 2017 and seen the biggest rise in the prime property market, new research has found.

Price grow by more than 10% in eight Chinese cities in the mainstream market, led by Chongqing with an increase of 58.9% and only two European cities, Amsterdam and Dublin, made the top 10 with rises of 20.9% and 12.3% respectively.

Vancouver saw annual growth of 16%, New York was up 11.7% and Shanghai up 10.7%. Paris recorded growth of 8.3%, Sydney 5.8% and London just 2.3%, according to the report from international real estate advisor Savills.

Prices were unchanged in Mumbai and Warsaw and fell in Rio de Janeiro by 4.4%, in Stockholm by 5.2%, in Shenzhen and Johannesburg by 6.3% and in Dubai by 7.9%.

In the prime property markets there were more falls than growth, including long established markers such as London, New York, Stockholm and Moscow but values in these cities are still higher than they were ten years ago. San Francisco was the only US city to feature in the top 10.

Chongqing also saw the highest growth in the prime sector at 48.5%, followed by Tianjin at 39.4% and Wuhan at 25.5%. Vancouver, Dublin, San Francisco and Amsterdam also make the top 10 with growth of 16%, 12.6%, 12.3% and 10.7% respectively.

Hong Kong remains world's most expensive city for prime property at US$4,000 per square foot, followed by Tokyo at US$3,280, London US$1,770 and New York US$1,570.

'This outperformance by the mainstream housing markets across key world cities is part of a longer term global trend. Prime values rose first and fastest after the global financial crisis, but some are now hitting a high plateau. It's now the turn of the mainstream markets to play catch up,' said Yolande Barnes, head of Savills world research.

'Prime residential markets around the world reacted quickly to quantitative easing by central banks and the consequent yield shift in line with low interest rates. This was a one off yield shift and expectations are that central banks are moving towards raising rates, reducing the potential for price growth,' she explained.

'Importantly, while some cities have recorded small falls, we generally don't expect these to become significant, but we do expect prices to remain relatively stable, on a high plateau for some time, though we will continue to see volatility in oil dependent economies, for example,' she added.

According to the report cities such as Hong Kong, San Francisco, Sydney and Vancouver, which have now seen strong 10 year growth, are expected to hit a high plateau in the next year or two.

European cities such as Amsterdam, Madrid, Paris and Dublin, where prime residential value growth ranged from 5.1% to 12.6% in 2017, are poised for further price growth, though they too are expected to hit a long term peak within the next five years.

'With large amounts of capital pointed at Hong Kong from the mainland, and held at bay only by capital controls, it is difficult to see a scenario where capital values will fall significantly,' Barnes pointed out.

'Equally, unless capital flows from the mainland were dramatically relaxed, it's hard to see scope for further significant value uplifts. Prime Hong Kong residential values look set to occupy the same high plateau as many other world markets for a while,' she explained.

Tokyo, where large, centrally-located, prime properties are rare, ranks as second most expensive for prime property, with values averaging US$3,280 per square foot after rising 10% in the year, more than five times the mainstream average of just US$630, and the biggest different between prime and mainstream across the Savills measures.

'In future, investors will pay more attention to occupier fundamentals: not just the quantum but also the quality of demand. The biggest value differences will not be between world cities so much as between different neighbourhoods and different types of property within those cities. Tokyo is an early case in point,' Barnes concluded.

Source: PropertyWire.com

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