PIPA ADVISER

ISSUE #20

For members of the Property Investment Professionals of Australia

INVESTORS REMAIN POSITIVE BUT LOOKING ELSEWHERE TO BUY & LIVE

PROPERTY
INVESTMENT
PROFESSIONALS
OF AUSTRALIA
PIPA

PIPA *mission:*

PIPA (Property Investment Professionals of Australia) has been formed by industry practitioners with the objective of representing and raising the professional standards of all operators involved in property investment.

The *PIPA ADVISER* is a quarterly title published four times a year by PIPA (Property Investment Professionals of Australia) www.pipa.asn.au

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PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

Investors remain positive in uncertain times

Welcome to the 20th edition of the PIPA Adviser – your industry magazine

It seems with each chairman's column this year I need to revisit what was happening a few short months ago given the stop-start nature of our economic recovery.

In June, it seemed that we had the pandemic under control with businesses and borders reopening.

Alas, that thinking was somewhat optimistic, with COVID-19 rearing its head again in Victoria not long after and the State then having to endure some of the toughest restrictions in the world.

So, in mid-September, the state of play is, again, one of hope – with case numbers in Victoria trending down, while other States and Territories appear to be managing clusters when they appear.

Of course, there has been much conjecture about border closures with no real clarity on this situation at present, however, we can only hope that borders begin opening again in coming months.

PIPA has remained active over the past months with marketing campaigns for our QPIA program resulting in dozens of people becoming newly qualified property investment advisers – which is always a positive for our industry and for consumers.

We have also been on the front foot with property research so our members, the general public and, most importantly, the media better understand the most likely outcome for property markets in the months and years ahead.

This proactivity has resulted in more than 230 media stories in the past three months, which also promotes the PIPA brand and every one of our members.

We have also completed a number of useful webinars for members, which you can find on the PIPA website.

The 2020 PIPA Annual Investor Sentiment Survey was also held during August, with nearly 1,100 investors taking the time to complete the survey.

I outline the survey results in the cover story of this edition but one of the key takeaways is that the overwhelming majority of investors, at 67%, believe that now is a good time to invest in residential property.

These are clearly unprecedented times which have taken a toll on us all in different ways, however, our industry will prevail and so will our economy.

I am always available to speak to members so please contact me via peterk@pipa.asn.au

Until next time, please stay safe and well.

PETER KOULIZOS
PIPA CHAIRMAN

PIPA *in the news*

PIPA is a regular commentator and expert source in property-related stories across the nation. Below are a selection of articles from recent months. For more articles [visit the PIPA website.]

CANSTAR

What do recessions mean for house prices?

Although the full impact of COVID-19 is yet to hit the Australian property market, researchers predict the downturn won't last long.

Read the article

PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

Recovery from economic shock

Housing data three years post-GFC may provide some clues. New research from PIPA and CoreLogic has identified the best performing capital city and regional locations three years after the GFC.

Read the article

new members

***PIPA** welcomes our newest members...*

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PETER KOULIZOS
Chairman, PIPA

Investors remain positive but looking elsewhere to buy – and to live

The majority of property investors have remained upbeat during COVID-19, however the pandemic has made them reconsider not only where they buy, butalso where they live, the 2020 PIPA Property Investor Sentiment Survey has found.

The national annual survey, which gathered insights online from nearly 1,100 property investors during August, found that investors remained optimistic about the months ahead.

While there is no doubt that 2020 has been one of the toughest in living memory for everyone around the globe, property investors have remained resilient in the face of the unprecedented uncertainty that we are all experiencing.

Indeed, about 67% of investors believe that now is a good time to invest in residential property, according to the survey, which is down from 82% in 2019 and no doubt a direct impact of the pandemic.

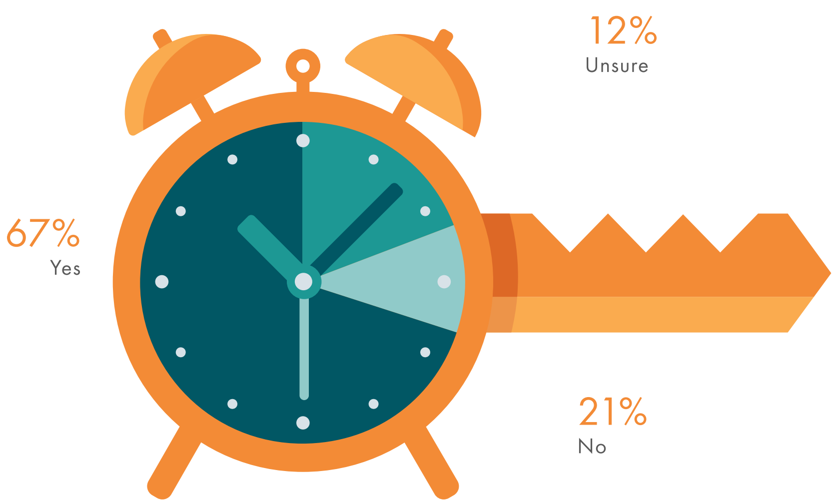
However, at the current time, the property market has continued to show its resilience with prices materially stable in most parts of the nation."

Some 77% of investors say any concerns about potential falling house prices won't cause them to put their investment plans on hold, the survey found.

About 44% of investors are looking to purchase a property in the next six to 12 months.

> ***67% of investors believe that now is a good time to invest***

Do you believe now is a good time to invest in residential property?



Plus, about 71% of investors have indicated that the pandemic has made it less likely they will sell a property over the next year, which is another factor that will help to underpin property prices.

INVESTORS OPEN TO MOVING TO OTHER LOCATIONS POST-PANDEMIC

The survey found that more than 40% of investors intend to buy property in a different State or Territory to the one that they live in.

As well all know, interstate investing had been growing in popularity over recent years as investors become more educated about the strategy and choose to work with experts to assist them.

Indeed, investors are increasingly recognising the value of working with property investment professionals to help them secure the best opportunities across the nation.

While the majority of investors remain keen to push forward with their investment plans over the next year, this year's survey also found they are considering buying, as well as living, in different locations.

More than 17% of investors indicated that the pandemic had made them consider moving to another location, with regional areas set to benefit the most, according to the national survey.

Of course, it's no surprise that COVID19 and made many people reconsider their lifestyles with nearly one fifth of investors indicating they are contemplating a move.

The survey found for those investors considering relocating the main reasons for doing so were improved lifestyle factors (78%), working from home in the future (46%) and housing affordability (40%).

And it seems that regional locations are set to benefit from plenty of new residents with investors indicating their top locations to migrate to are regional NSW (21%), regional Qld (18%), Brisbane (16%) and regional Vic (14%).

METRO LOCATIONS FALLING IN POPULARITY WITH COASTAL AND REGIONAL LOCATIONS ON THE RISE

The survey found that Queensland is definitely in the sights of investors, with 36% saying it offers the best investment prospects over the next year, followed by Victoria (27%) and New South Wales (21%).

The number of investors who see Brisbane as the state capital with the best investment prospects has fallen to 36%, down from 44% in 2019.

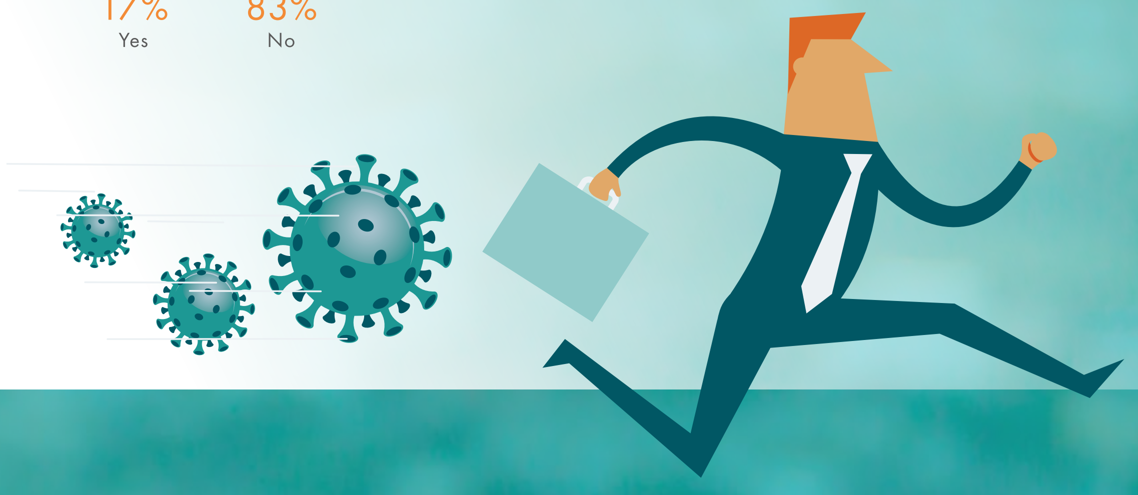
However, Brisbane continues to be seen more positively than Melbourne at 27%, the same as last year, Sydney at 18%, up from 14%, and Adelaide on 8%, up from 7%.

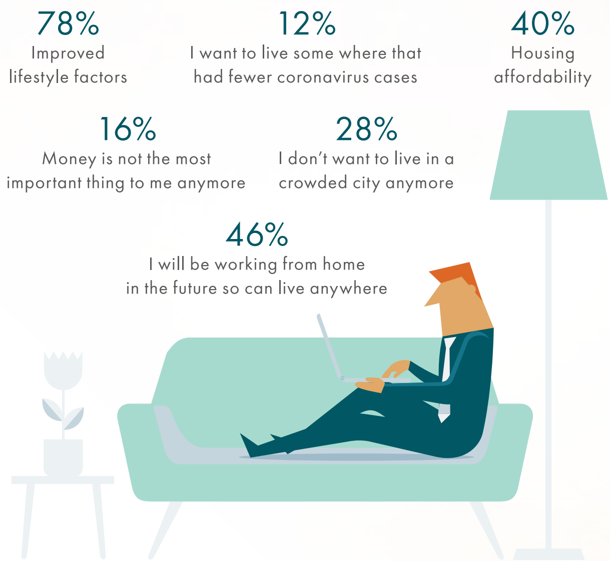
Perth has increased slightly in appeal (6% vs. 4% last year), while Canberra remains is up to 2% from 1% last year. Hobart is the top pick for 2% of investors while Darwin is in favour with only 0.2%

Has COVID-19 made you consider moving to another location?

17% Yes

83% No





> ***Queensland is definitely in the sights of investors***

Investors remain keen on opportunities to invest in metropolitan markets, but the appeal is down from 73% in 2019 to 61% in 2020.

Meanwhile the proportion of investors that say regional markets are the most appealing has increased to 22% from 15% in 2019, with coastal locations also on the rise – up to nearly 12% from 8% last year.

PIPA members are already seeing strengthening market conditions in a number ofcoastal and regional locations.

Some locations are already welcoming plenty of new residents from intrastate and it's likely their populations will increase further once borders are open to interstate migrants.

It's possible that the recovery this time around will be different to previous economic downturns with property markets in smaller cities as well as regional locations likely to strengthen sooner than our two biggest urban areas.

INVESTORS WANT TO SEE GREATER PROFESSIONAL STANDARDS AND MORE EDUCATION

The survey also found about 86% of all investors continue to believe that more education is needed around the risks and benefits of investing in property.

Plus, virtually all (93%) investors continue to think that any provider of advice should have some sort of formal training.

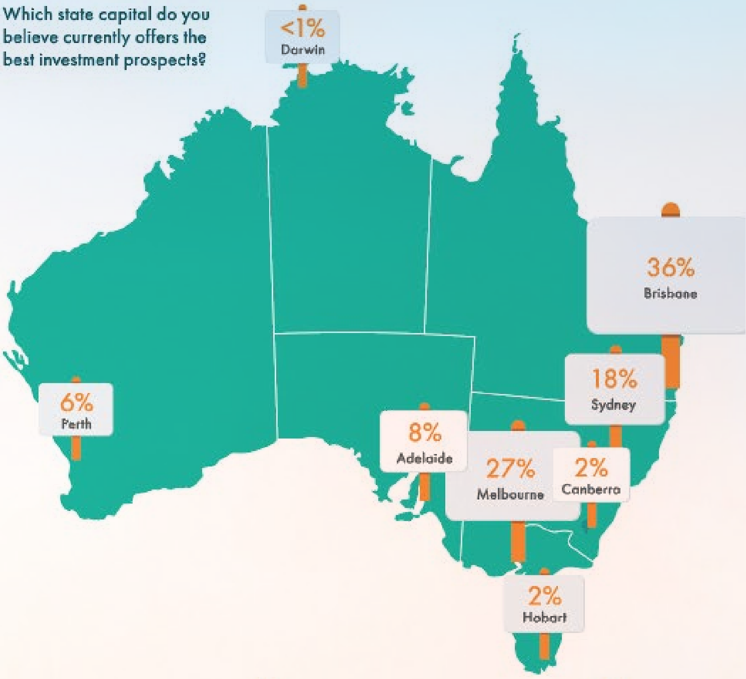
About 90% of investors believe the property investment industry should be regulated and licensed the same way financial planners, mortgage brokers and real estate agents are.

Many people are surprised that there is no formal licence required to provide property investment advice, which is why PIPA developed our code of conduct and qualified property investment advisor course many years ago to help protect investors.

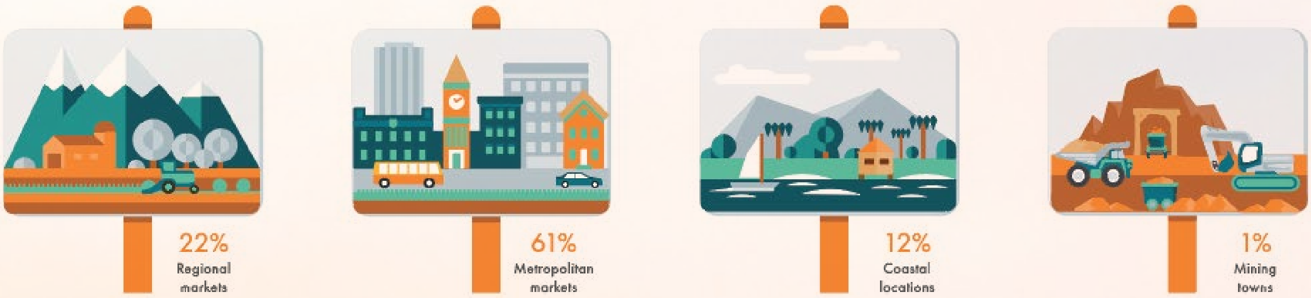
Indeed, the survey found that nearly 90% of investors are aware that PIPA exists – a similar result to the 2019 figure – while 28 per cent said an advisor's PIPA membership influenced their decision in selecting them.

PIPA ANNUAL PROPERTY INVESTOR SENITMENT SURVEY

Which state capital do you believe currently offers the best investment prospects?



Where is the most appealing place to buy right now?



nearly 90% of investors are aware that PIPA exists

About the survey

The 2020 PIPA Annual Property Investor Sentiment Survey of 1077 investors was conducted online in August 2020. Respondents were sourced from PIPA and PICA's database of property investors and its members' databases of investors. PIPA's membership base includes property investment advisers, as well as a range of professionals whose business operations form part of the property investment process. These include financial planners, property buyers and advocates, accountants, mortgage brokers, real estate agents, lenders and developers.

PICA is the non-profit association for Australian property investors.

To download a full copy of the results visit www.pipa.asn.au

PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA marketupdate

Dire property predictions off the mark

KIERAN CLAIR
Editor, PIPA Adviser

> ***Once more unto the breach, dear friends, once more…"***
>
> **WILLIAM SHAKESPEARE**
>
> (FROM HENRY V)

2020 has become a test of endurance for so many Australians, with property advisors and their investor clients among the number.

A run of disappointing economic results was announced this year and while these dire numbers were predictable, they've still beena concern for many.

But there were some other figures that hit the airwaves in recent weeks which could help improve our collective outlook.

CoreLogic released their index results as at the end of July, and they revealed some silver-lining outcomes.

Their research showed that, nationally, capital city dwelling values fell around two per cent over a three-month period to 31 July.

This was, arguably, the pandemic's toughest period for our business with a nationwide lockdown restrictions and tight rules around open homes and auctions.

Digging further into the numbers and Sydney's dwelling values retracted 2.1 per cent over the period, while Melbourne's prices dropped 3.2 per cent.

These were the worst outcomes across all capitals however they are a long way from the dire predictions presented by some commentators.

What's perhaps more telling is that on an annual basis to 31 July 2020, the combined capitals showed a 7.1 per cent increase in values.

During that time, Sydney values rose 12.1 per cent and Melbourne's increased 8.7 per cent.

Another confidence-boosting statistic comes from CoreLogic's combined regionals measure which showed price retraction during that tough quarter of just 0.1 per cent, and an annual increase in values of 3.9 per cent.

The wash up seems to be that property is holding reasonably firm as an asset class in capital city locations where the brunt of the pandemic is hitting hardest, while regional Australia is proving entirely resilient to the COVID effect.

It's an outcome mirrored in comments Herron Todd White's recent Month In Review publication, which discussed a wide cross-section of national markets from the investor's perspective.

Their area-specific valuers were, on the whole, aligned with the CoreLogic findings and even identified where the opportunities may lay for those looking to purchase.

The idea of strong cash flow assets being most desirable was a common theme, with multi-residential accommodation such as flats, duplexes and triplexes seen as desirable.

In addition, local councils in some regional centres – where there's been little market fallout

Index results as at July 31, 2020

	Change in dwelling values				
	Month	Quarter	Annual	Total return	Median value
Sydney	-0.9%	-2.1%	12.1%	15.3%	$866,110
Melbourne	-1.2%	-3.2%	8.7%	12.3%	$678,334
Brisbane	-0.4%	-0.9%	3.8%	7.7%	$502,167
Adelaide	0.1%	0.3%	2.4%	6.8%	$441,826
Perth	-0.6%	-2.2%	-2.5%	1.6%	$439,092
Hobart	-0.2%	0.9%	5.9%	11.5%	$486,771
Darwin	-0.3%	-1.6%	-2.2%	4.5%	$384,533
Canberra	0.6%	1.3%	7.2%	12.2%	$641,360
Combined capitals	-0.8%	-2.0%	7.9%	11.5%	$637,270
Combined regional	0.0%	-0.1%	3.9%	8.7%	$395,129
National	-0.6%	-1.6%	7.1%	10.9%	$552,912

Source: CoreLogic

> ***Lifestyle locations that allowed remote working were experiencing excellent demand and provided good long-term prospects for investors.***

from the pandemic – were even looking toward town planning changes that would open up small development opportunities.

In addition, lifestyle locations that allowed remote working while still being within decent commute of major centres were experiencing excellent demand and provided good long-term prospects for investors.

There also been good news on the construction front, with government stimulus helping boost demand for new homes and vacant land across many population centres.

Gary Brinkworth, CEO at HTW, put it best when it comes to dealing with the challenges currently presented by the pandemic.

"One approach to help us all endure is to focus on the future. By making important decisions founded on long-term expectations, we can choose options today that will pay dividends over two or three market cycles."

market update

New South Wales

The NSW property market has shown remarkable resilience despite the economic impact of COVID-19 and sharp rise in unemployment.

Prices in Sydney have not matched the sensational headlines and have only fallen 2.1 per cent in the last quarter (as reported by CoreLogic). Some interesting property trends are emerging.

With more people working from home, we are seeing some homeowners dissatisfied with their digs and looking to upsize with more space for a home office.

We're seeing a drop in rental vacancy rates in regional areas such as Wollongong, Newcastle and the Central Coast and increased demand from people relocating out of the city to rent or buy property in more affordable and attractive lifestyle areas.

Demand for family homes in premium areas is seeing mixed results.

Good quality, well-located properties in prime streets are still selling strongly with multiple contracts out, while other properties in less optimal positions are seeing a lack of demand on auction day or trading at a discount.

> ***Auction clearance rates for Sydney have trended around 65 per cent***

for the past eight weeks which still indicates a healthy market.

Buyers are frustrated due to low stock levels which is one of the key reasons we have been busy transacting in the off-market space.

Investors are also about looking for bargains and Spring is likely to see a seasonal rise in listing volumes as both buyers and sellers emerge from the winter hiatus.

Rich Harvey

Founder & CEO, [Propertybuyer]

Victoria

After our nasty jolt in March our property market wobbled a little bit before firming back up very quickly after Easter.

This was mostly attributed to a stock shortage as vendors held back their campaigns and we bunkered down for winter.

Little did we envisage that a series of hotel quarantine mishaps would plunge Melbourne back into a harder, tougher lockdown Stage Four in early August.

With all buyer and tenant inspection activity halted,

> ***industry now sits on pause while agents bank up their late spring campaigns***

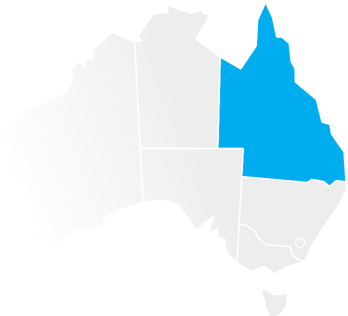
and buyers fret about how to beat the crowd and make the most of their pre-approval.

We anticipate a flurry of purchaser activity in mid-September, (or whenever our 'release date' is) and with interest rates now at record lows and JobKeeper's end date pushed out to early 2021, the buyer appetite feels quite different to March and April's solemn mood.

It is expected that online auctions and restrictions on inspection numbers will continue to prevail while Victoria's COVID cases remain a key focus for our government.

Cate Bakos

Buyers advocate, [Cate Bakos Property]



Queensland

The Brisbane property market has been remarkably stable over the past three months during this period of limited new COVID-19 infections with overall house values retracting just 0.7 per cent and units slightly more at -1.8 per cent over the quarter, according to CoreLogic.

We are seeing some locations continue to perform strongly, driven largely by home buyers who seem to be taking advantage of the lowest-ever interest rate environment.

It is common for quality properties to be sold with multiple offers

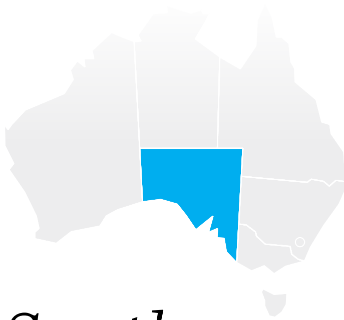
and several registered bidders at auction

Units are experiencing high vacancy risk in the inner city (8.7 per cent), but the housing market is showing extremely tight vacancy in most regions in middle- and outer-ring suburbs (<2.0 per cent).

Investor activity is picking up again, most likely due to the attractive gross rental yields of 4.2 per cent for houses and 5.2 per cent for units,according to CoreLogic.

Melinda Jennison

Director & principal, Streamline Property Buyers



South Australia

The Adelaide property market has once again proven to be very resilient.

Adelaide is currently the only major capital city where property prices have increased not only in the last 12 months but very importantly in the last three months, which includes the period of very severe COVID-19 restrictions.

Adelaide rarely hits the headlines for rocketing property prices nor plummeting prices.

For Adelaide property, it is 'steady as she goes.'

Peter Koulizos

PIPA chair (Lecturer in Property School of Commerce | UniSA Business School)

market update

Western Australia

Perth's property market has continued to show sustained improvements following the easing of COVID-19 restrictions, with a number of areas showing leading growth indicators in the form of shorter days on market, low stock levels and high online property views.

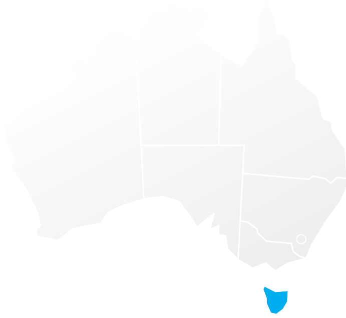
Rising absorption across Perth's rental market has seen vacancy rates fall to a 12-year low, translating into increased tenant competition at home opens and rental increases for new tenancies.

Combined with the relative affordability of Perth property prices, these conditions are supporting increasingly favourable rental yield opportunities for investors.

Gross rental yields for houses and units were recorded at 4.3 per cent and 5.2 per cent respectively in July, according to CoreLogic, considerably higher than the combined capital city averages of 3.3 per cent and 3.9 per cent.

Damian Collins

Managing director, [Momentum Wealth]



Tasmania

The island state has performed an exceptional job preventing any COVID-19 community spread for more than two months.

Local real estate agents say it's largely 'business as usual'. Retail sales and exports have just hit record highs while workers in the construction and tourism sectors are soon to become beneficiaries of sizeable stimulus packages.

Owner-occupiers, including first home buyers, are capitalising on low interest rates and reduced competition from mainland buyers.

> ***but there's plenty of activity for properties sub-$550,000***

Supply is incredibly low so the upward pressure on property prices across the state continues.

Simon Pressley

Head of Research, [Propertyology]

PIPA

pipa profile

***Teliah Furner** from Streamline Property Buyers is one of the youngest people ever to have completed a QPIA. She is still only in her mid-20s and it's clear she has a big future in the industry ahead.*

CAN YOU PLEASE TELL US MORE ABOUT STREAMLINE PROPERTY?

Streamline Property Buyers is a Brisbane-based boutique agency specialising in purchasing property, which has two Qualified Property Investment Advisors and a licenced builder.

We are able to assist investors and owner occupiers with securing all types of properties, whether that's a new home, an investment or a development site. Our mission is to empower others to make informed decisions when buying property in Brisbane.

Our exclusive buyers agency service consists of thorough research, education and access to our extensive Agent and professional network.

We like to get to know our clients so we can tailor our services to each individual's needs.

We take the time to understand goals and desires and we discuss where the property purchase fits in with the overall lifestyle for our clients.

We provide the research for a property purchase and off market opportunities for our Clients to consider.

We view properties that match our client's specific brief and we negotiate, or bid at auction, on behalf of property buyers.

It is a complete and comprehensive buyer's agent service for those looking for professional representation.

We also then manage the process of contract completion, liaise with the preferred conveyancer, arrange building and pest inspections and make the entire process stress free!

HOW LONG HAVE YOU BEEN A PROPERTY INVESTMENT PROFESSIONAL AND WHAT WAS YOUR PATHWAY INTO THE PROFESSION (INCL. OTHER CAREERS)?

While I was at school and coming out of school, I had this hobby of looking at property online.

I knew that I wanted to be in the industry and thought a receptionist role would be a great starting point.

I am sure I applied to every agency in Brisbane, whether they were looking for someone or not, they had my resume. After getting no response – not one – I offered a small boutique company in New Farm if I could work as their receptionist for free so I could get some experience under my belt.

After two months working for that agency, I landed my first paying job for a property management company in West End.

I was at this company for five years and worked my way up from receptionist, property management assistant, property manager, office manager, trust accountant and Business Development Manager.

The next step was sales and I never really thought it was for me, I was never passionate about being a sales agent.

When I first started at the property management company the director also ran a buyers agency and the second I found out what a buyer's agent was I wanted to be one!

I had met Melinda Jennison (Director of Streamline Property Buyers) through work and she started her own company.

The stars aligned at the perfect time and she offered me my dream job.

I have been in the industry for six years now, one year as a buyer's agent, and loving every second.

WHAT WERE SOME OF THE MAIN REASONS FOR BECOMING A QPIA?

It is important to me to be recognised as in industry leader.

Being able to provide personal advice to clients and fully understand how property can be used to create wealth was very important to me.

I have been buying property for one year now and I know how to find a great investment property.

I wanted to learn more about the why as well as the strategy behind how it works.

I service investors and having further knowledge to instil confidence in myself can only be a positive thing.

I wanted to heighten and separate myself from those giving advice but may not necessarily be doing it ethically.

YOU ARE ONE OF THE YOUNGEST PEOPLE TO HAVE EVER COMPLETED A QPIA. HOW DO YOU BELIEVE BEING A QPIA WILL SUPPORT YOUR CAREER?

The QPIA course has given me further confidence in the properties I am presenting to my client's.

I am the buyer's agent for all of the investor clients that come through our company and even though I havelearnt a lot from Melinda, who is also a QPIA, it was important to me to complete the course for my clients and myself.

Because I am so young, I can be underestimated and further qualifying myself in my field is a huge advantage in this industry.

Now we have two QPIAs in our firm, which is a great asset.

Being a QPIA shows how serious I am about providing clients with the best possible advice, taking into consideration their personal circumstances.

I was always very fascinated listening to Melinda talk strategy with clients and by completing the QPIA course I now not only know how to choose the best strategy for a particular client, but I also understand the entire property investing process and why we are choosing that particular strategy for that client.

I think understanding the whole process in detail from such a young age will continuously support my career now and far into the future.

HOW WOULD YOU LIKE PIPA TO SUPPORT YOUR BUSINESS AND ITS GROWTH?

Continue to represent us by providing the media with factual fundamental information on the hundreds of markets across the country instead of treating the entire market as one as they (the media) often do. This helps create awareness and benefits us all.

I also like the newsletters and these profiles so you can learn more about other members.

A way to connect with other professionals once every six months for drinks, nibbles and networking would be brilliant, too.

WOULD YOU RECOMMEND OTHER PROPERTY INVESTMENT PROFESSIONALS BECOME QPIAS? WHY?

Absolutely! I don't just recommend that professionals should complete this course I think this should be a requirement for all property professionals in the industry.

I see too many property spruikers out there not doing the right thing by the clients and it is heartbreaking.

The industry is not regulated, and it just opens it up to those who are in this business for themselves only.

Having this course as a requirement would add stronger commitment for those in the industry and they are then able to be kept accountable for their actions.

The course itself is very informative, I have learnt so much on how to use property as a tool to build wealth and now having the knowledge to assist others in reaching their dreams is exciting to me.

It is also very easy to become biased in a particular property niche/strategy that may have worked for you.

However, the course shows you that every investor is different, has different needs and goals, so if you are not open to completing the course then you may be choosing the incorrect pathway for your client.

I feel this course really does give that next level of professional service and sets you apart from the majority.

HOW WOULD YOU LIKE PIPA TO SUPPORT YOUR CAREER IN THE YEARS AHEAD?

I think the support PIPA can provide is to keep teaching consumers out there why it is important to choose a property professional with this qualification.

There are still many investors buying into success stories from property spruikers who are only working for themselves.

It is also important for PIPA to get in front of first home buyers or first-time investors who lack the knowledge of buying property, find the process overwhelming, and are very impressionable.

PIPA can support my career by continuing the education and opportunities for me to provide educational content for consumers.

WHAT'S NEXT FOR YOUR CAREER IN THE NEXT 12 MONTHS AND BEYOND?

It is strange to be saying in my mid 20s that I am already doing my dream job.

My plan is to continue in this role and help investors all over Australia invest in Brisbane.

We want to keep the company boutique and I love the team we currently have, the service we are able to provide to our clients is fantastic and well received.

A goal of mine is to appear on reputable TV shows sharing my investment knowledge with Australia.

Many property professionals have been very successful in their own investment journey and they sell books on how they did it, which is very inspiring.

However, it is rare that their principles can be used in today's world. You can't buy a house with a $3,000 deposit anymore!

One of my favourite Bill Gates quotes is,'Success is a lousy teacher. It seduces smart people into thinking they can't lose.'

Because I am young, I want to start my own personal property portfolio, including renovations, developments and different strategies.

The entire process is so exciting for me to achieve my goals in real time alongside my clients.

Sharing this journey publicly, the wins and losses is something I want to be able to do in the near future.

More urban sprawl while jobs cluster: working from home will reshape the nation

JAMES LENNOX
Senior Research Fellow, Centre of Policy Studies (CoPS), Victoria University

For most of us the experience of working from home this year has, on balance, been positive – enough that it may well become the norm after the COVID-19 crisis ends.

But modelling by Victoria University's Centre of Policy Studies shows there will be costs alongside the personal benefits, with more urban sprawl, job flight to the biggest cities and greater economic disparities between regions.

More than 67% of 1,006 Australians polled in April for an NBN-commissioned survey said they expected to work from home more after the coronavirus crisis ends. Many businesses are sold on the concept too, with mounting evidence working from home can boost productivity.

Offices will not disappear – personal interactions still provide crucial benefits – but working two, three or four days a week from home could be well become the norm in many occupations.

Our modelling of the effects of this has identified two key results. First, workers commuting less often will be prepared to commute further. This will change patterns of housing demand and labour supply. In particular it will drive more urban sprawl and boost populations of communities within acceptable commuting distances. Second, while the population will spread out, many jobs are likely to go in the opposite direction, as more organisations set up shop in central business districts.

HOW WE CONDUCTED OUR RESEARCH

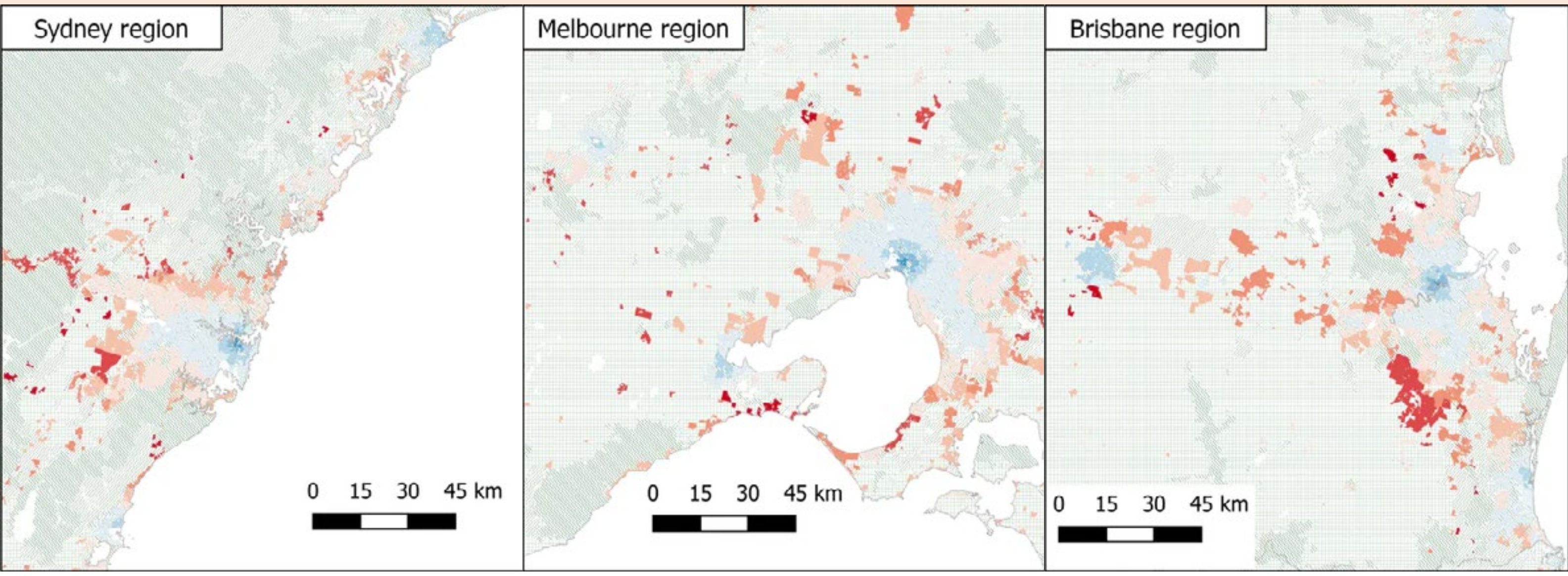
To predict the effect of working from home on housing and jobs, we considered what jobs could most easily be done remotely. Of 38 occupational groups classified by the Australian Bureau of Statistics, seven managerial, professional and clerical occupational groups stood out as having high work-from-home potential. These occupations accounted for 29% of the workforce at the last census (in 2016).

In our model, where workers choose where to live and work takes into account wages and housing costs in different locations, and the time it takes to travel to work. The modelling assumes that in the seven "WFH occupations" distance from the office will become less important.

URBAN SPRAWL

Our modelling indicates people in WFH occupations will be more likely to live further from city centres if their weekly commuting costs are lower. Other workers and retirees move closer to city centres, but the net effect is still to shift housing demand outward. Nationally, residential areas expand 3.6%.

In Sydney, there is an overall shift in population out of inner suburbs (for example Glebe) and middle suburbs (for example Strathfield) into outer suburban areas (such as Penrith) and towns of the Blue Mountains, the Central Coast and the Southern Highlands. A similar outward shift of population is replicated on smaller scales in Newcastle and Wollongong.



Similar results are obtained for Melbourne, Brisbane and other capital cities. In Melbourne, inner suburbs (for example Carlton) and middle suburbs (for example Glen Iris) lose population whereas populations rise in places like Werribee and Melton.

In Brisbane, fewer people live in inner suburbs like New Farm whereas more live in places like Greenbank or the Samford Valley.

The pattern is replicated in smaller cities, such as Geelong in Victoria and the Gold Coast in Queensland. It is a good thing if people can spend less time and money commuting, access cheaper housing, or enjoy more pleasant lifestyles outside of big cities.

But urban sprawl has costs that are too often discounted.

Providing infrastructure for typical greenfield housing developments is relatively expensive. On the urban fringes of our cities, exposure of people and property to fire and other natural hazards has often been inadequately managed. In many coastal regions, urbanisation is driving loss, degradation and fragmentation of ecosystems and decline of native plants and wildlife species.

Costs like these could outweigh the benefits of working from home unless governments can deliver more sustainable forms of urban growth.

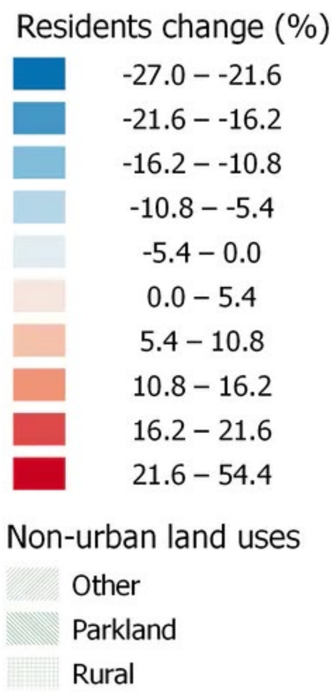
UNEQUAL GROWTH OF CITIES

The second key finding of the study is that more working from home will boost the growth of some cities but depress that of others.

There are advantages to businesses clustering together in central business districts. Working from home will increase their incentives to join the largest clusters in the largest cities.

Willingness to commute further will make these clusters accessible to even larger workforces. Lower demand for housing in inner-city areas will make real estate more affordable for commercial tenants.

The result is that jobs shift to Sydney, Melbourne, Brisbane and Canberra and away from other cities, towns and rural areas.



Resident populations will be boosted in smaller cities and towns around these growth centres, but in the rest of Australia, cities and towns will be smaller than they otherwise would be.

With there already being significant economic disparities between city and rural areas, and between different regions, these new trends pose a further challenge for policy makers.

What you need to know about Capital Gains Tax

BRADLEY BEER
CEO, BMT Tax Depreciation

During this unprecedented time, it's crucial that your Capital Gains Tax (CGT) knowledge is up to date. Though that it may well become the norm after the COVID-19 crisis ends.

While a trusted accountant can always provide the best advice on the topic, there are some key facts that will help your ongoing property investment and wealth-creation strategy.

1. TIMING OF CGT

CGT is a tax paid on the capital gain made from the sale of an investment.

This applies to any type of investment including property and business assets.

You will be subject to CGT in the financial year of the sale, but there are many CGT events that can impact when you're required to pay CGT.

2. CGT DISCOUNTS

Before you start considering CGT implications, it's important to understand the CGT discounts and exemptions in place, including:

- **50 per cent discount:** if you own your investment property for more than 12 months, you're automatically entitled to a 50 per cent discount on CGT.
- **Six-year rule**: if your property was previously your main residence and you then rented it out, you can claim an exemption from CGT for a period up to six years.
- **Six-month rule:** there are exemptions from CGT available if you consider more than one property to be your main residence within a six-month period. However, there are a number of conditions to meet to be eligible.

3. CGT AND DEPRECIATION

Your capital gain is usually the difference between your cost base (what you paid for the property and other capital costs) and what you sold it for.

Throughout your property's lifecycle, depreciation can be claimed on both the structural component and any easily removable or mechanical assets.

BMT tax depreciation finds an average depreciation claim of almost $9,000 in the first year alone.

It's important to keep in mind that although depreciation can increase CGT, discounts and exemptions are available.

Additionally, the cash flow boost that depreciation provides can give you the opportunity to invest the extra money or to reduce loans throughout ownership.

Think of it like this – turning down property depreciation because you're concerned about CGT is like declining a pay rise because you will jump a tax bracket.

> ***Depreciation can change your cost base and therefore affects CGT.***

MARK CARTER,
Real Estate Trainer
and Author

Why sentiment matters... but not as much as you think

You might not believe me but, rather than counting pennies, tallying jellybeans might have more to do with sentiment in the context of investments than one might initially fathom.

But before we get to the tantalisingly tasty wee tell-tale signs from sweets, we might first acknowledge an old favourite historical character Aristotle.

There's an element of Aristotelian thinking that is part of the metaphorical philosophy and model for value I've built over the last couple of decades.

Yet, I'm consciously putting that bias aside for a moment.

What do jelly beans have to do with it?

Aristotle was also noted for presenting an idea we refer to as "the wisdom of the multitude", "collective wisdom" or, in more recent years,the wisdom of crowds, which is a book by James Surowieck.

One of the most well-known and simple examples of crowd wisdom is the jellybean jar experiment of economist Jack Treynor.

Individuals were asked to guess how many sweet treats were inside the jar.

As you might imagine, any individual correctly guessing was like winning the lotto.

Some people, due to many factors including optimism bias, might massively over-estimate, while others did the polar opposite.

But what they found was, should you take a big enough sample size, the aggregate average from the guesses becomes remarkably quite accurate.

Whereas individual guesses were on average 62 per cent – well off the correct number – aggregate crowd guesses were a healthier three per cent off the mark.

And this is the basic premise of crowd wisdom – when you take enough guesses from a broader audience (provided some important factors and considerations are at play) it's surprising how close to the mark we may get.

Sentiment in markets are a lot like that.

Given the absolute future is always an unknown, then opinions, opinion pieces, and forecasts are guesses.

Perhaps no one individual is absolutely spot on, but some credible experts may well be pretty darn close.

Let's face it, unless you're trained in looking at average jellybean sizes and confined spaces, you're likely not armed with the expertise to correctly guess anyway.

That's not quite the same as opinions forming market sentiment mind you.

> ***Market sentiment is essentially those collective opinions forming traction***

however, there are some shortcomings of which to be mindful.

It's vital to ensure you are being balanced in the sources you are drawing those market sentiments, trends, and forecasts from.

Social media, platforms like Facebook, have come a long day since their cute early days.

You know, where sentiment-type surveys were based on which of your friends was hotter, smarter, or funnier.

Nowadays they are aggregators of opinions and simultaneously allow every Tom, Dick or Harriet – credible or not – to publish opinions and sentiments on virtually any subject.

Beware of your own biases

We already know many social platforms are algorithm-based to feed you more of the same, more of the dopamine fix, or even opinion pieces you crave.

So, this ultimately means any bias you have, or the market sentiment you perceive, is magnified.

Crowd intelligence even goes a step further and relates to something that happens in nature.

The flock of birds, the shoal of fish, or the swarm of bees are all areas where the collective wisdom enacted through behaviour is decentralised and creates outcomes for a greater good.

Of course, bees, birds and fishes aren't making choices or taking actions based on the ego of personal branding or to deliberately throw another part of the swarm under a proverbial bus.

If swarm intelligence in our worlds is worth listening to, then, the volume of free speech amplified by digital addiction likely qualifies it from a number's perspective.

The problem with listening to it still remains when it comes to credibility or other critical flaws.

If you are to ask opinions and guesses from a specific tribe, or are flooded with these biases (media and social works act this way in some ways), all you're likely gaining are sentiments tainted with the same bias.

It's a great idea to listen to market sentiment because it absolutely plays a more powerful role than you may think.

Even then, those sentiments sometimes get it wrong.

Perhaps you heard about the dot com boom then bust?

Now you get why I said I'd put aside the prior research affiliation I'd had with Aristotle?

Expert advice over crowd "wisdom"

Be mindful of your own biases and be willing to set them aside.

Sometimes our biases will prevent us from comprehending sound market sentiment and movement.

Also, be curious to read and listen to sentiment and insights from a broader range of opinions.

Make sure your selection of sources has some basis of credible opinion and they are not, perhaps, completely naive or extremely biased in their thinking.

You can, of course, balance these viewpoints out because anyone can offer new ideas and thinking.

Oddly enough, some of these are what spark breakthroughs in business and industry.

At the same time, as Billy Connolly wisely once said, you wouldn't ask a marshmallow maker how to build a ship and if you did, you wouldn't take their answer as gospel.

If we take the current situation that we are all experiencing – market disruptions impacting businesses as a result of COVID19 and lockdowns – the general market sentiment is easy to read.

That is, it's not great and this is a tough time.

That said, as with every major upheaval or crisis, the doors of opportunity simultaneously open.

Again, it requires putting aside our immediate emotional or individual responses to get a finger on the pulse of possibility.

You can relate to this in the same vein as stock investing to some degree.

It's a tricky strategy to get right, hence why it's not A-typical.

But when it comes to property investment, typically the long position is a far safer path to undertake.

It's also fair to say, then, that crowd wisdom, crowd interest, insights, opinions and sentiments all play a part towards the basis of your decision and that's worth mentioning, too.

Your decision must ultimately be based on what is right for you.

That means you needn't allow overwhelming market sentiment either way, fear or optimism, be the sole basis of your decision.

Do your due diligence, identify your strategy and be crystal clear with the personally important factors that are a part of your decision-making process.

If one of the fundamental rules of investing is don't lose money, then an equally fundamental rule – when it comes to decision-making and choices irrespective of the situation at hand – is never make a decision based on sentiment alone.

RICHARD CRABB
Managing Director, Aspire Property Advisor

Why diversification is key to your success

You may have heard the saying "When you're on a good thing, stick to it."

While this should be applied to relationships, restaurants and a cold beer on a summer's day, when it comes to property investing, I prefer the tried-and-true phrase, "Don't put all your eggs in one basket."

But despite this advice, there have been plenty of investors who push past the good sense and tie themselves to one strategy or location.

Unfortunately, avoiding diversification is a monstrous disservice to their future wealth position.

Fighting psychology

As a species, we are biased towards the comfort of familiarity and loss aversion.

First up, we love to select options with which we'refamiliar.

Choosing to invest in your home suburb is incredibly popular – particularly for first timers.

They feel like they already understand what drives their suburb's real estate prices.

In addition, if their investment underperforms, they'll rationalise the downside and hang tight for the comeback like a cheer squad at a football match.

The other influence that causes us to 'stay the path' is loss aversion bias.

Put simply, an investor might pick a winning suburb and yield a good result, but when they're later presented other locations with all the hallmarks of potential success, they can't bring themselves to make the jump.

They're totally convinced their first suburb will just keep on delivering, no matter what.

The crux is that our biases work in tandem with our emotionsandlead to substandard decisions.

I can tell you from experience – emotion has no place in the successful investor's playbook.

Hedging risk

Savvy operators who've trod the investment journey will confirm – diversification works.

But what type of diversification are we talking about?

Firstly, locational diversity is essential.

Again, you'll have heard it repeated ad nauseum that Australia isn't a single property market.

It's a collective of submarkets all operating at different speeds and pushed by varying drivers such as local economy and population demographics.

You cannot simply pick one suburb and pour your money into snapping up assets in expectation of maximising your wealth building.

What you must do instead is be prepared to purchase in areas which have the right metrics for growth, rental demand and liquidity at any given time.

An excellent example is the mining boom earlier this century which saw millions of dollars poured into locations like Moranbah in Queensland where rental returns were skyrocketing as a seemingly endless stream of mining workers snapped up available space at exorbitant rents.

Anyone who threw their money holus-bolus into this market is now living a financial nightmare with the phrase, "If only I'd diversified!" ringing in their ears.

Instead, select locations where you feel the time is ripe for sustained capital growth and strong rental demand, but be prepared to pivot into the next promising growth zone as well.

By progressively acquiring assets in growth markets, you'll build a self-servicing portfolio with solid foundations for the future.

And while the mining bust may have been predictable, diversification can also mitigate the downsides from entirely unforeseeable events as well.

There's never been a more prescient example than what's happening with property markets and COVID right now.

Investors who have holdings in Melbourne– where a combination of spiking infections and non-existent international migration are hitting the market hard – would be sweating.

But those who diversified in Brisbane as their portfolio grew are looking much safer.

A further factor in applying diversification is looking for holdings that best suit the particular stage of your personal investment cycle.

For example, if you're young and starting out in a career, you have time on your side.

You might choose assets with extraordinarily good long-term growth potential but at a price point where the rent and your income can easily service the loan.

Conversely, more mature inventors might leverage equity off their existing portfolio and seek higher cashflow from their assets in preparation for a pending retirement.

If you don't flex and diversify to suit your stage of the journey, you will not be maximising your wealth outcomes.

Diversification is a shark net

Understanding diversification can also be used as a litmus test for choosing a reputable property investment advisor.

If an advisor suggests only buying new units in a particular development (or from a specific developer) in the one location, run away quickly.

Great advisors want to personalise the investment journey to suit your needs, not line their pockets via inflated commissions.

Make sure your team are considering all the options available across our broad brown land and presenting you with convincing evidence as to why a particular asset will suit your strategy.

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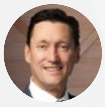

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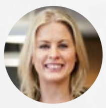

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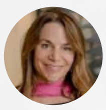

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