PIPA ADVISER

ISSUE #29

For members of the Property Investment Professionals of Australia

Industry sounds warning on "FAUX" ADVISERS

With an influx of new entrants flooding the industry, inexperienced and untrained 'faux' advisers are on the rise. Stay ahead of the game and learn how to navigate this landscape with our expert insights and analysis.

PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

PIPA **mission:**

PIPA has been formed by industry practitioners with the objective of representing and raising the professional standards of all operators involved in property investment.

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PIPA launches inaugural national conference

Welcome to the 29th edition of the PIPA Adviser – your industry e-magazine.

Much has been happening behind the scenes since our special investor sentiment survey edition last year, with one of the most exciting initiatives being the launch of our inaugural national conference in September!

The 2023 PIPA National Conference will feature an array of experts across our industry, including the lending, property investment advice, market research, valuation, and proptech sectors.

Not only will the conference be a learning experience for members – you'll earn 10 CPD points from attending – but it will also a celebration of how far PIPA has come since its inception 15 years ago.

Given its our first conference, tickets are limited to ensure we keep to our budget, but we also made the decision to only sell member tickets during the early bird stage.

However, after 19 May, ticket prices will increase as well as be opened up to non-members, so you don't want to delay registering for this landmark event for your association and your industry! You can register here.

We are continuing to see a sharp increase in member applications as well as enrolments in the PIPA accreditation program, which is enabling the association to have the funds to move forward with more projects.

One of these projects is working with an RTO to have the PIPA accreditation program translated into a Certificate IV level qualification. This vital project is only in the early stages of development, but we are hoping for a release early next year.

> Let's just hope that this **latest attack on investors** from the Queensland Government is nothing more than **jawboning**.

PIPA is also investigating a corporate sponsorship program which will take shape in coming months.

Unfortunately, we are hearing of increasing instances of people purporting to be PIPA members and/or QPIA members when they are not. PIPA does investigate any incoming complaints about this, including ensuring that the offending references are removed, but it would be great if you, our members, could also help us police this to ensure we can stay on top of the issue. Of course, you can check the membership or QPIA status of any members via: Find a member - Property Investment Professionals of Australia - PIPA.

With this in mind, PIPA had great success in a media campaign advising consumers to check their adviser's credentials recently, including their PIPA member status, with dozens of stories across nationwide media. Indeed, since the last edition, PIPA has appeared in 144 media stories that had a cumulative audience of nearly six million.

As I write this, the Queensland Premier has just announced her government is "seriously considering" rent controls. However, our successful 2023 PIPA Brisbane breakfast seminar, with our expert panel discussing solutions to the current southeast rental crisis in mid-March, meant we were ready and able to respond quickly.

Let's just hope that this latest attack on investors from the Queensland Government is nothing more than jawboning. It really beggars belief that less than six months since the axing of the atrocious interstate Queensland land tax that anyone in government would think attacking investors – again – during a prolonged rental crisis was a sound idea.

Until next time,

Nicola McDougall

PIPA CHAIR

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.

Herald Sun

Warning over rise in 'finfluencers' spruiking property advice

Australia's property investment professionals peak body has issued a warning over the rise in social media influencers and spruikers portraying themselves as qualified experts in the sector.

Read the article

AustralianBroker

Investors can play key role in rental solution

Freeing up and incentivising investor clients to increase property supply has been proposed as the answer to Australia's rental crisis by the managing director of a national quantity surveying group.

Read the article

PIPA welcomes our newest members...

INDIVIDUAL MEMBERS

- JARRAD BROMLY, *Seneca Property*
- ALISON WONG, *Right Key Investment*
- CHRISTIAN BAUMANN, *Property Investment Adviser*
- LAUREN JONES, *Buyer's Agent*
- DRAGAN DIMOVSKI, *Buyers Agency Australia*
- IMTIYAZ RATHER, *Hack Mortgages*
- JADE FITZGERALD, *Ideal Buyer's Agency*
- MICHAEL BENTLEY, *Citylife International Realty*
- JESS ELLAM, *Ellam Property*
- JOSHUA MELI, *Prosba*

CORPORATE MEMBERS

- MARK ERRICHIELLO, *Master Advocates*
- TULIA RAWILLER, *Hive Property Wealth Network*
- AARON KING, *Urban Ark Property*
- DANIEL IRWIN, *Strike Property*
- WILLIAM CHILDS, *Limitless Lending Group*
- JARRAD BROWN, *Ally Home Loans*
- PETER NIKOLOV, *Creative Property and Finance Group*
- SOHAIL MERCHANT, *Help Me Buy Property*

QPIAS

- JARRAD BROMLY, *Seneca Property*
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- DANIEL IRWIN, *Strike Property*
- DANE ROCHE, *Strike Property*
- CHRISTIAN *Baumann, Property Investment Adviser*
- LAUREN JONES, *Buyer's Agent*
- DRAGAN DIMOVSKI, *Buyers Agency Australia*
- BENJAMIN HAKIN, *nSynergy*
- IMTIYAZ RATHER, *Hack Mortgages*
- ALEXANDER GROH, *Performance Property Advisory*
- PETER NIKOLOV, *Creative Property and Finance Group*
- JESS ELLAM, *Ellam Property*
- GAURAV BHATIA, *Equimax Property Group*

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PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA

Industry sounds warning on "FAUX" ADVISERS

Photo by Sander Sammy on Unsplash

An influx of new entrants into the property investment sector over recent years has flooded the market with inexperienced and untrained "faux" advisers, according to PIPA and REBAA.

BY KIERAN CLAIR, Editor, PIPA Adviser

Not only that, but some practitioners are falsely advertising they have completed additional specialist advice training or are members of industry associations, such as PIPA, which is illegal.

PIPA Chair Nicola McDougall said there has been increasing instances of people claiming to be Qualified Property Investment Advisers (QPIA®) or PIPA members when they are not.

"No doubt these people are trying to legitimise their businesses or falsely improve their educational achievements by claiming they are members or QPIAs," Ms McDougall said.

"However, PIPA soon instructs these people to remove these references immediately because it is an offence under Australian Consumer Law to make false and misleading claims about your services such as misrepresenting yourself as a member of an industry association when you are not."

Ms McDougall said it was vital – regardless of market conditions – for investors to check the credentials of the property investment adviser they are considering working with to ensure they have the skills, experience, and training to professionally assist them.

"Unfortunately, during market booms, we do always see an influx of new entrants into the property investment advice space – many of whom are simply chasing a quick buck given there is no national regulation in our sector," she said.

"Some complete a tick-and-flick course and automatically start calling themselves 'buyers' advocates' when they may have never even bought a property before, let alone understand the intricacies of tailored and independent property investment advice."

> "Some complete a **tick-and-flick course** and automatically start calling themselves **'buyers' advocates'** when they may have never even bought a property before.
>
> **- Nicola McDougall,** PIPA Chair

> **If someone is using the QPIA® post nominal, it's a sign that they have:**
>
> - **Successfully completed** the PIPA Accreditation Program;
> - **Are able to demonstrate** at least two years of relative industry experience i.e., real estate & associated services, finance, or mortgage services, etc.;
> - **Maintained full individual** or corporate membership of PIPA or are gainfully employed by a member company;
> - **Undertaken the QPIA®** Continuing Professional Development Program; and
> - **Registered their QPIA®** status with PIPA, renewing annually.

PIPA members include professionals across the real estate, mortgage broking, conveyancing, and accounting industries who voluntarily adhere to a Code of Conduct and obtain professional standards of accreditation through education.

"By doing so, PIPA members demonstrate to the investing public, government, regulators, media, and other stakeholders within the property investment industry their commitment to excellence," Ms McDougall said.

"The PIPA Accreditation Program and QPIA® post-nominal was developed by PIPA and is an industry benchmark of knowledge and skills for individual investors and professionals in industries involved with property investment."

Falsified credentials are a growing concern as Australia's recent property boom has flooded the industry with an increase in bogus buyer's advocates, according to the Real Estate Buyers Agents Association (REBAA).

REBAA President Cate Bakos some advocates are falsely claiming specialist skills as well as membership of professional organisations such as REBAA.

"As an association, REBAA is becoming increasingly concerned by the number of new entrants with little or no experience, some of whom are falsely claiming membership of REBAA on their websites," said Ms Bakos.

"The association is equally concerned by reports from newcomers that some online non-accredited courses are failing to deliver the actual skills required in the role, despite charging large enrolment fees.

"These online courses are also often leading to false expectations in terms of salary expectations and leaving consumers vulnerable to significant financial losses if their buyer's agent lacks the skills to deliver a sound purchase for them."

According to Ms Bakos, when consumers are engaging with buyer's agents and advocates with fake credentials, it comes down to fundamentals.

Consumers need to compete thorough background checks, she said.

"The important thing is to verify past experience," she said.

"Sites such as LinkedIn can assist consumers with this. Likewise, consumers need to verify that their adviser is truly a member of the industry association they claim by checking the member association's website."

Ms McDougall said, given property investment advice is not regulated, unfortunately, there is always a cohort of people without the skills, licensing, or experience who pretend to offer "advice" when they generally have no idea what they are taking about or are spruikers.

"The issue is not better or worse than it always has been – without regulation of our sector – but there has been an increase in so-called buyers' advocates who are not licensed buyers' agents under real estate licencing laws and have not completed the necessary training to provide independent property investment advice," she said.

"PIPA and QPIA members include experienced and licensed buyers' agents, mortgage brokers, accountants, and conveyancers, who usually also have completed our PIPA accreditation program and can legally call themselves Qualified Property Investment Advisers or QPIAs.

"Consumers should always check that someone calling themselves a buyers' advocate or buyers' agent has the required qualifications, licensing, and experience to do so."

Ms McDougall said investors should check the official status of credentials of advisers via PIPA or aligned industry associations such as REBAA.

Investors can check whether their adviser is a PIPA member or a QPIA via www.pipa.asn.au/find-a-member.

> "As an association, REBAA is becoming **increasingly concerned** by the number of new entrants with little or no experience, some of whom are **falsely claiming membership** of REBAA on their websites.
>
> - **Cate Bakos,** REBAA President

Savvy buyers make their move as rates and prices stabilise

Since the start of this year, it has been clear that there has been more activity from educated buyers and investors who perhaps have recognised that waiting it out on the sidelines is not going to improve their portfolios anytime soon.

Property prices also appear to potentially be stabilising – partly due to the low volume of stock for sale.

In fact, according to CoreLogic, the return to a more positive trend in housing values has occurred alongside a persistently lower than normal flow of new listings coming on the market.

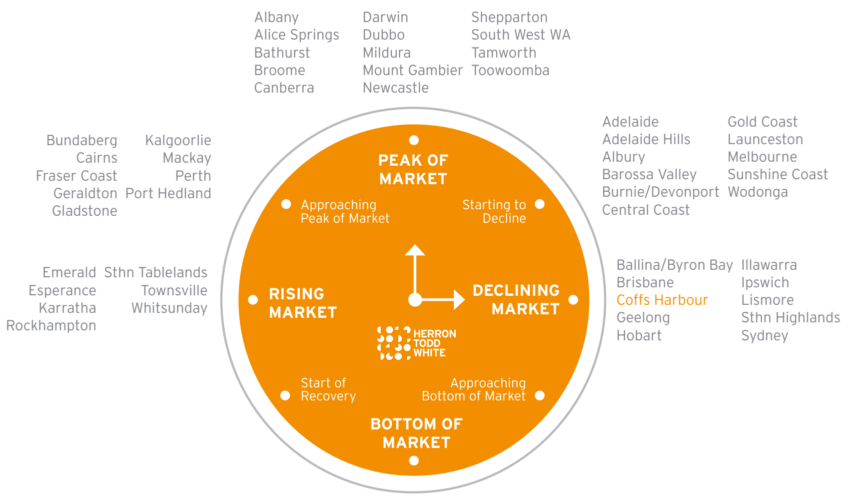
CoreLogic reported capital city listings over the four weeks to mid-March were 19.9 per cent below the previous five-year average for this time of the year.

"Such low advertised supply is likely to be a central factor keeping a floor under housing prices despite a clear drop in demand. At the same time, we have also seen a rise in auction clearance rates back to around the decade average," CoreLogic executive research director of CoreLogic's Asia–Pacific research division Tim Lawless said.

At the time of writing, it appeared that the Reserve Bank might finally be ready to hit pause in April on their successive cash rate increases. The 10 consecutive rises have added an eye-watering 3.5 percentage points to the cash rate, which has pushed interest rates into the five to six per cent range – a level many borrowers may never have experienced.

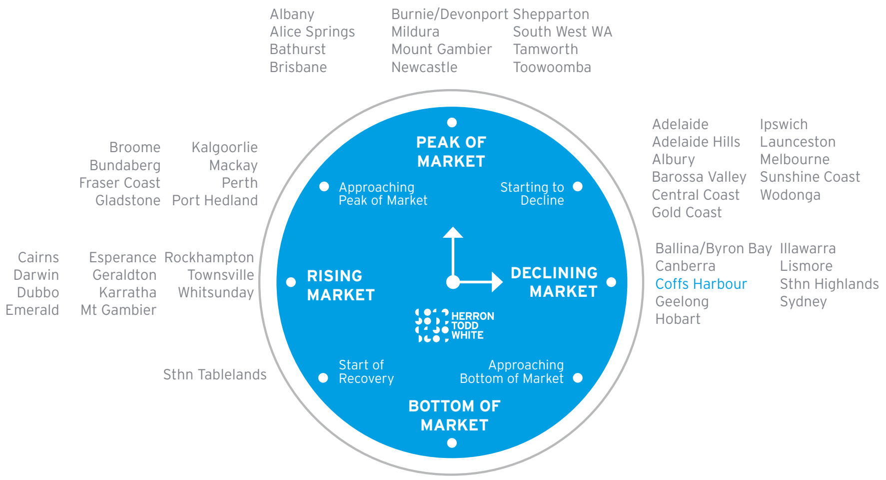
National Property Clock: Houses

Entries coloured orange indicate positional change from last month.



National Property Clock: Units

Entries coloured blue indicate positional change from last month.



With inflation also appearing to have peaked, there are certainly plenty of signs that we are heading for more positive property conditions in the months ahead.

NSW

Rich Harvey
CEO & Founder, Propertybuyer.com.au

The NSW property market is showing a mixed bag of results. With 10 successive rises in interest rates we've seen borrowing capacity reduced by 30%, yet the property market has only receded around 12% to 15% in most places. The Sydney property market has shown strong resilience, and over the last two months has shown a significant turnaround. During February, Sydney dwelling values rose by 0.3%, and in March increased 1.4%. Compared to 12 months ago, Sydney housing values are now 12.1% lower according to the latest CoreLogic data.

We have seen a dramatic slowdown in price deceleration, and we have now reached a point of inflexion. Some say we have reached the bottom of the market while others say there could a few more percent to drop.

At our regular open house inspections, we are seeing a resurgence buyer numbers. Since February it seems the buyers have a new found enthusiasm for searching for property. A number of different buyer groups make up this enthusiastic pool - being first home buyers looking to take advantage all new stamp duty concessions, upgraders seeking to find better quality housing particularly in the $2m to $3 million range, downsizes looking to capitalise on their capital gains from the Covid period, prestige buyers being opportunistic and looking to park their cash into luxury beachfront and waterfront properties, and finally expats returning and taking advantage of better currency conversion.

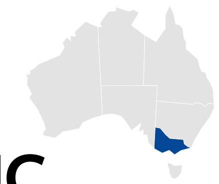
> "The **main factors** that are driving the market at the moment is the **lack of available stock**.

The main factors that are driving the market at the moment is the lack of available stock (listing volumes down 25% or more in some areas) and the significant increase in migration and population growth. Rental prices have shot through the roof which is motivating some renters to consider buying a property to get out of the perpetual rental cycle. Vacancy rates are at record lows. It's inevitable that rental prices will continue to rise over the coming year due to the chronic shortage of housing. I expect rents to rise around another 10% to 12% this year. Increasing yields is also attracting investors back into the market - but only if they can afford a loan as higher interest rates begin to bite.

> **12.1%**
>
> Sydney housing values are lower compared to 12 months ago according to the latest CoreLogic data.

As swathes of borrowers come off fixed right mortgages, there may be some more motivated sellers coming on the market if they perceive that they cannot continue to afford to hold their properties. This could provide some opportunities in the second half of 2023 for savvy buyers that are in a position to continue growing their portfolios.

North Cronulla Beach Sydney



VIC

Cate Bakos
Buyers advocate, Cate Bakos Property

The Melbourne market can't really be described as underperforming currently.

The recent monthly data supports what we're all feeling at the coal face; a two-speed market with heightened competition on quality properties and languishing listings for compromised listings.

February's overall capital growth movement of -0.4 per cent certainly signals a slowing of price falls, easily attributable to low listing numbers.

Buyers remain disinterested in renovation and/or development projects and today's buyers are applying high scrutiny to each listing in the quest to buy well, however, it's becoming abundantly clear to these buyers that a low level of listings in the renovated house segment is underpinning the market firmly and contributing to price increases.

Many buyers are still sitting it out, waiting for a ringing bell to suggest the market has bottomed, yet, others are fighting against their diminishing borrowing capacity as rate increases continue to bite.

The dramatic impact of tight vacancy rates is hurting renters in Melbourne and our news feed often shows long lines of prospective renters queuing up hopelessly at open for inspections.

-0.4%

February's overall capital growth movement which signals a slowing of price falls, easily attributable to low listing numbers.

Melbourne's overall annual rental growth figure of 10.1 per cent is in line with national rental growth, however, Melbourne's unit market has dramatically uplifted.

This is in sharp contrast to the huge rental price falls exhibited during lockdown as many tenants left our city and international students were on pause.

As bosses request their employees return to either full time or hybrid office work, our demand is skyrocketing for units in Melbourne.

The recent influx of Chinese students ordered to return to in-person study by the Chinese government is exacerbating the already challenging conditions that renters are facing.

Lower new building starts, heightened interest costs for prospective investors, and challenging rental reforms are keeping rental stock levels subdued and amplifying these horrid conditions for renters.

Our regions are performing reasonably in step with our capital city in terms of price declines, however the regions have maintained strong net gains from the pandemic rush experienced.

While work from home (even in a hybrid capacity) exists, local agents are reporting that those who moved to the regions are still content to stay.

Agents are reporting that appraisal activity is high, yet listing decisions are slow. Vendors are anxious to sell when market commentary in the media is gloomy.

It will be interesting to see what a change in sentiment does for listing activity, whether it be instigated by positive media commentary or a pause in interest rate increases. Time will tell, but while listing numbers are low in our autumn selling season, we can anticipate quality, renovated houses will continue to exhibit capital growth.

> "A two-speed market with **heightened competition** on **quality properties**.

QLD

Edward Reavy
QPIA and Founder and Director, EKR Property

Despite the negativity following ten consecutive interest rate hikes, which many view as a headwind, the Queensland property market has also had many tailwinds.

Brisbane, the capital city of Queensland, is no longer perceived as a regional country town. It's a thriving world city that will be on the world stage when it hosts the 2032 Olympic and Paralympic Games.

Its affordability and lifestyle continually make Queensland attractive as a place to work and live, which are key drivers drawing investors and owner-occupiers away from other states within Australia.

During COVID19, Queensland was the big winner of interstate migration. We now see a second wave of this in its infancy, which will result in more people moving to Queensland, this time because of cost-of-living pressures.

With recent interest rate hikes, the borrowing capacity of the average buyer has reduced considerably, and the price bracket they could previously afford to buy into is no longer attainable.

However, comparably in Queensland, they can buy a far superior home in a prominent location within their borrowing budget. This demand is growing momentum which will help fuel home prices and drive the rental market in the Sunshine State.

> "Queensland was the **big winner** of **interstate migration**.

For those local buyers who cannot afford a house anymore, the local townhouse and unit market will benefit.

At recent open homes that we have been attending, we hear prospective buyers and renters commenting on the low stock levels. This illustrates that the demand for property continues to outstrip supply.

These simple supply and demand factors will help to keep Queensland house prices from falling off a cliff and further fuel higher rents.

Some South-East Queenslanders that are retiring or seeking a slower pace of life as the masses move to this region are selling up and moving further north to more affordable and quieter regions.

Towns such as Hervey Bay, Bundaberg, Rockhampton, Mackay, Townsville, and Cairns are benefiting from infrastructure spending and employment opportunities, attracting people and putting pressure on the local housing and rental markets in those regions.

Once interest rates stabilise, the attraction of Queensland as the strongest economy in Australia, its affordability and lifestyle, the infrastructure spending and job opportunities will result in owner-occupiers and investors rushing back to the market.

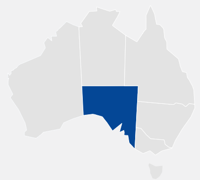
All roads are leading to increased pressure on the housing market in Queensland, which in turn leads to price and rental increases.

Underlying market fundamentals and drivers are still evident, and the macro and micro economic factors favour Queensland.

There is a window of opportunity now for those who can buy a home and those who are bold enough to invest, knowing they are doing it for the long term.

The famous adage "location, location, location" continues to apply to any property investment decision, and Queensland has it!

Aerial drone view of central area of Bundaberg, Queensland, Australia



SA

Peter Koulizos
Programs Director, Master of Property, The University of Adelaide

Adelaide and South Australian property continues to go from strength to strength, relative to the rest of the nation.

Despite a 1.5 per cent decrease in property prices over the past quarter as illustrated by the CoreLogic Daily Home Value Index, Adelaide property prices are 5.1 per cent higher today than they were 12 months ago. This is the best performance of all the capital cities.

If we go further back in time to analyze the great southern state's performance since COVID19, property prices have increased the most when compared to other capital cities – up 44.7 per cent. Since its peak in July 2022, property prices have decreased just 2.3 per cent.

South Australian regional areas have witnessed even higher growth (47.6 per cent) and there have been no decreases in property prices since its peak.

The increase in rents has been almost as stellar as the increase in property prices. In the last 12 months, rents have increased 12.6 per cent, which is the second highest increase in rents, just behind Brisbane's increase of 13.1 per cent.

There are two main reasons behind this performance – supply and demand.

According to CoreLogic, Adelaide has 12 per cent fewer listings of properties for sale than 12 months ago. The only capital city to have even fewer listings than 12 months ago was Perth.

When we take a wider perspective and look at the rest of South Australia, it has had the largest decrease in total listings of all capital cities and regional areas.

In relation to the rental market, Adelaide's vacancy rate is the lowest of all capital cities. A low vacancy rate is a combination of a low supply of rental properties and relatively high demand. Why is there such high demand for rental properties in Adelaide? I'm glad you asked!

The demand for rental properties has increased since the onset of COVID19. South Australia dealt very well with COVID19, as evidenced by the relatively low number of days the state was in lockdown.

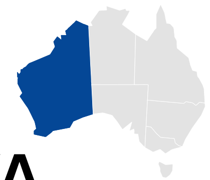
This caught the attention of others, especially those living in larger capital cities, who decided to move to Adelaide and South Australian regional areas.

> "Adelaide's vacancy rate is the **lowest of all capital cities**.

The worst of COVID19 is over and some people have moved back but since our international borders have opened, overseas migrants and international students have been flooding in.

This is true of the whole nation but due to Adelaide's status as a regional area, which makes it easier for overseas migrants to gain permanent residency, and its affordability relative to other major capital cities, Adelaide is attracting more than its fair share of overseas migrants and international students.

Adelaide and South Australian property have performed exceptionally well over the past two years. How long will this last is anyone's guess but it has been the biggest property boost in almost 20 years.



WA

Damian Collins
Managing Director, Momentum Wealth

The Perth residential property market has not experienced the same contraction felt throughout most of Australia, growing by 2.4 per cent over the 12 months to February 2023 (CoreLogic).

WA remains relatively affordable due to its low housing prices, strong income, and labour market.

Figures from REIWA show that the number of properties listed for sale have remained below 8,000 since the beginning of 2023. This is far below the typical balanced market range of 13,000 to 14,000 listings.

Rental listings have also fallen from the 11,000 experienced in 2016 to being consistently under 2,000 since August 2022. A balanced market in WA typically sees around 6,000 rental listings.

The restrictions in the construction market have caused dwelling approvals to fall to the lowest levels in nearly 40 years.

There is a significant undersupply of residential houses and rentals within the Perth market, which is expected to tighten as supply is unable to keep up with the growing demand of a rising population.

We forecast that the Perth residential property market will grow by three to six per cent in 2023, presenting opportunities for local and interstate investors to capitalise on both a growth in value and strong rental returns.

TAS

Simon Pressley
Head of Research, Propertyology

Buyers, buyers where have the buyers gone?

Depending on which set of data one chooses to believe, Hobart's median house price during the 2022 calendar year either increased by one per cent, declined by 10 per cent, or is somewhere in the middle of that range.

In northern Tasmania, Launceston increased by seven per cent while Burnie was up 12 per cent.

The first half of 2022 was incredibly strong, but Q4 2022 produced an (albeit) mild reduction in asset values in most locations across the state.

What's interesting is that all of the key underlying fundamentals are still as strong as they've ever been.

Tasmania recently broke an all-time record for job participation, the economic outlook continues to be outstanding, household wages are up, household equity is through the roof, the tourism industry is rocking it and rental vacancy rates across the state remain locked in at less than one per cent.

Ordinarily, these are conditions for a spectacular property boom. Ordinarily, that collection of characteristics creates significant confidence for real estate buyers.

A deep dive into lots of different data sets reveals that the current softening in the market is caused by an intangible phenomenon that we call "buyer fatigue".

> "Tasmania recently broke an **all-time record** for job participation.

The state, especially Hobart, has enjoyed one of the longest growth cycles that any Australian city has ever seen. So, it is possible that buyers are now catching their breaths.

The timing of the market softening correlates with the start of this interest rate cycle in May 2022.

During Hobart's eight-year cycle that produced 130 per cent capital growth, quarterly sales volumes hovered between 750 and 850, whereas Q4 2022 saw a reduction to 690 transactions.

The volume of properties added to the sales market each month remains at normal levels, so there's no evidence of distressed sales or excess housing supply.

Oversupply is not an issue, but what is listed for sale is taking longer to shift.

The current total volume of resale supply listings is on par with the same time five years ago when Hobart's total population was 11 per cent less and its property market was booming.

With it being highly probable that the RBA is very close to the end of its rate raising cycle, it will be interesting to observe buyer sentiment during the middle of this year.

Personally, I would not be surprised if the RBA started cutting interest rates inside the next 12 months and APRA also loosened its grip on credit policy (particularly the debt servicing buffer).

Boats at St Helens, Tasmania

Dan Irwin & Dane Roche

QPIA members, Dan Irwin and Dane Roche, are both former Defence Force personnel who joined forces to establish Strike Property with an aim to build wealth for the Defence and ADF Veteran community through property.

Q Can you please tell us more about your business?

At Strike Property, we are the one stop shop for all things property for the ADF community.

We support our clients in their property ownership journey as part of a long-term wealth creation strategy – we are there for them every step of the way. The scope of this support can range from education around their unique ADF Housing Entitlements and grants right through to getting a tenant.

We provide the guidance to ensure that everything is co-ordinated and our clients have a team of qualified professionals behind them to ensure success.

Our mission is to lay the foundations to build financial freedom through property for the Defence Community, their family, and their friends.

Q How long have you been property investment professionals and what were your pathways into the profession (incl. other careers)?

Despite having only formally entered into the property investment industry six years ago, the pathway that we have taken to get there has delivered a huge breadth of experience. Straight out of university, Dan and Dane held professional roles as a Mechanical Engineer and Financial Consultant (respectively). From there, a variety of fortunes led us to join the ADF (Dan completed almost 11 years in the Army and Dane completed eight years in the Airforce) during which time they both developed the foundation elements of their property portfolios.

We've combined our experiences to bring together a breadth of experience that no-one else supporting the ADF community can. This covers experience with investing in units and townhouses, renovating for capital growth and to duplicate revenue streams, land and build packages, and small-scale developments.

> "Our mission is to lay the foundations to **build financial freedom through property** for the Defence Community, their family, and their friends.

Q What are some of the reasons why you decided to join PIPA?

We are very committed to offering the highest level of service to our clients – in doing so, we believe that being a part of a professional body that demonstrates a code of conduct in line with our ethics is paramount. That's why we are proud PIPA members and are active advocates for the organisation.

Q Your business, Strike Property, specialises in the unique investment needs of the Defence community. Can you please describe some of the bespoke services that you have developed for our Defence and ADF veteran community?

The ADF has a range of entitlements and grants that are made available to them for the purpose of purchasing residential property. Navigating these can be rather difficult, convoluted, and time consuming. Therefore, we offer a personalised service that starts by examining the end state which our clients are looking to achieve (usually planning out more than 10 years into the future) and then developing a strategy which allows them to achieve those goals.

The requirement to have an in-depth understanding of both ADF entitlements, posting cycles, career pathways and ancillary services such as DHA and DVA make it almost impossible for anyone other than veterans to perform this service.

Q You both have completed the PIPA Accreditation Program and are QPIA members. Why did you think it was important to undertake specialist advice training and what are some of the benefits for your business after finishing the program?

We undertook the PIPA Accreditation Program because we believe if you are giving any advice, it should be grounded in the foundations of formalised education and compliance.

While we continue to operate in a somewhat unregulated space, we still owe it to our clients to deliver the highest quality of support available.

Strike Property has benefited from our affiliation and accreditation with PIPA due to the surety and confidence that it provides our clients.

The way we can demonstrate how we meet (and exceed) the Code of Conduct with regards to disclosure and honest practices provides them peace of mind when undertaking a huge financial decision.

We both have obtained our QPIA accreditation to ensure that our clients receive advice that is not only bespoke for their individual circumstances, but also .

Q What's next for your business in the next 12 months and beyond?

We have experienced fantastic growth since our launch. We are committed to continuing this trajectory whilst maintaining our highly personalised service.

> "**Strike Property** has benefited from our **affiliation and accreditation** with PIPA.

US regulators avoided a banking crisis by swift action following SVB's collapse

But the cracks it exposed continue to weaken the global financial system's foundation

U.S. regulators' swift reaction to the collapse of Silicon Valley Bank and two other lenders partially restored calm to markets, but concerns remain over the stability of the global financial system.

The government on March 16, 2023, orchestrated a US$30 billion rescue of First Republic Bank by the nation's largest financial institutions after the California lender's shares plunged. Meanwhile in Europe, Credit Suisse borrowed about $54 billion from Switzerland's central bank after investors, spooked by the U.S. bank failures, feared the Swiss lender would run out of money over its own financial woes.

To better understand what U.S. regulators did, the impact of their decisions and what problems remain, The Conversation turned to two finance scholars, Brian Blank of Mississippi State and Brandy Hadley of Appalachian State.

What did US regulators do?

The program introduced by the Federal Deposit Insurance Corp., the Department of the Treasury and the Federal Reserve on March 12, 2023, essentially amounts to life insurance for U.S. banks.

The biggest concern from the sudden collapse of Silicon Valley Bank on March 10, as well as Signature Bank two days later, was the tens of billions of dollars in deposits that would otherwise go uninsured. While the FDIC insures deposits up to $250,000, anything above that is at risk of loss in the event of a bank failure.

So the FDIC agreed to provide a backstop for all SVB and Signature depositors no matter how much they had deposited. And the Fed created a new lending facility to protect other small- to medium-size banks from the same issues that caused bank runs at SVB and Signature.

Notably, this protection for depositors does not extend to management, lenders or investors, including many institutional investors, pensions and large index funds. In addition, the program will be funded by an FDIC fund that comes from a tax on member banks.

Taxpayer dollars aren't at stake, Congress approval wasn't required and, most importantly, only customers' claims are protected. This is why the Biden administration insists this is not a bailout – even though some critics call it that.

Nonetheless, the government did intervene to stop the fallout from failing banks, even if done differently than in the past.

This article was originally published on THE CONVERSATION *Read the article*

> "The biggest concern from the sudden **collapse of Silicon Valley Bank** on March 10, as well as Signature Bank two days later, was the **tens of billions of dollars in deposits** that would otherwise go uninsured.

Why did the government act so quickly?

When the bank run on SVB's deposits began on March 8, the lender initially sought to find a buyer. When that failed, regulators stepped in quickly to limit the risk to the financial system.

This was particularly important given that banks rely heavily on trust, and a loss of depositor faith in other mid-size banks could be extremely harmful.

But besides posing a systemic financial risk as the 16th-largest U.S. lender, the failure of SVB also threatened the health of the tech sector.

Close to half of U.S. startups backed by venture capital firms, including tens of thousands of technology and health care companies, were customers at SVB. The bank's failure would have made it hard for many of them to pay their workers or take out loans that keep businesses running.

What are the problems of this approach?

One concern is something economists call moral hazard.

U.S. regulators were basically doing what governments have done to prevent banking crises since at least the 19th century: provide liquidity. That is, according to the academic theory established by Economist magazine founder Walter Bagehot in 1873, central banks should lend freely to lenders during a financial crisis to prevent a panic and restore confidence in the system.

But doing this could create a moral hazard by potentially encouraging risky behavior by banks, which may come to believe they will always be bailed out. This dilemma highlights the challenge of balancing the need for financial stability with the desire to avoid creating perverse incentives.

> "The source of **SVB's downfall** was that it invested a **significant chunk of its assets** in Treasury securities that **lost value** as the Fed hiked rates in 2022.

> “There’s no reason to think that the **financial system is in serious trouble** – for now – but the **risks of more jitters** have increased, putting more pressure on central banks, including the Fed, to **roll back their inflation-fighting plans**.

With the SVB rescue, regulators likely hope to avoid this by focusing protection efforts on depositors – not equity or debt investors.

Another problem is that the rescue treats the symptoms more than the root causes.

The source of SVB’s downfall was that it invested a significant chunk of its assets in Treasury securities that lost value as the Fed hiked rates in 2022. SVB sold $21 billion worth of these bonds at a loss of $1.8 billion in order to cover customer deposit withdrawals. This then prompted a stampede of clients to yank their mostly uninsured deposits.

But despite the depositor protection offered by the new program, many more banks still face asset-liability mismatches – that is, short-term deposits being invested in longer-term securities – that will not go away as a result of the program. Banks reported $620 billion of these unrealized losses as of December 2022.

Some other banks – such as Signature and Silvergate Capital, which also recently failed – are similar to SVB, with concentrated business in risky sectors like venture capital, technology or cryptocurrencies.

How big of a concern is the root of the problem?

The good news is that few banks are likely to have the same combination of unrealized losses, concentrated deposits and default risk that are likely to result in withdrawals as fast as what happened at SVB and Signature.

> **$21 billion**
>
> worth of bonds were sold by SVB at a loss of $1.8 billion in order to cover customer deposit withdrawals.

Critically, large and mid-size banks are sufficiently regulated, diversified, hedged and capitalized to prevent similar problems, especially given the very different balance sheet compositions and asset liability management strategies.

But the risks are big, as the Fed’s aggressive campaign to raise interest rates could potentially make things worse. Inflation remains elevated, which would normally lead the U.S. central bank to continue to drive up rates. The nascent concern about stabilizing the financial sector at the same time as taming inflation means the Fed has its work cut out for it.

So is the financial system safe?

Unfortunately, not yet.

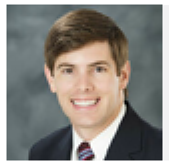
While the crisis has been averted for now by limiting the risk of another bank run, the financial system – as well as the modestly strong U.S. economy – is showing cracks and fragility.

The recent troubles at Credit Suisse are a stark reminder of how quickly things can spiral out of control.

Credit Suisse shares have been under pressure for several years because of its own unique problems, including scandals and a closely knit customer base that makes it more vulnerable to contagion. But the recent U.S. bank failures are causing broader panic among banks globally, which prompted the Swiss National Bank – Switzerland’s equivalent of the Fed – to provide Credit Suisse a huge lifeline.

There’s no reason to think that the financial system is in serious trouble – for now – but the risks of more jitters have increased, putting more pressure on central banks, including the Fed, to roll back their inflation-fighting plans. Of course, doing so can unleash other risks – such as prices once again spiraling out of control.

All told, it’s a challenging balancing act, requiring careful precision and swift action to avoid a painful fall.



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