

PIPA ADVISER

ISSUE #27

For members of the Property Investment Professionals of Australia

An aerial photograph of a person sitting on a wooden bench, building a house out of wooden frames on a green lawn. The house has a triangular roof and four rectangular windows. The person is standing on the lawn, reaching up to place a wooden frame on the side of the house. The house is made of white-painted wooden frames. The lawn is a vibrant green. The person is wearing a light-colored shirt and blue jeans.

Market change *heralds more opportunities*

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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.

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PIPA BOARD CHAIR
Nicola McDougall

PIPA BOARD OF DIRECTORS
Peter Koulizos, Steve Waters,
Paul Glossop, Lachlan Vidler, Tim
Ford, Richard Crabb & Richie Muir.

CONTACT US
PO Box 350
The Entrance
NSW 2261

MEMBERSHIP ENQUIRES
T 02 7205 0700
E membership@pipa.asn.au

EDITORS
Bricks & Mortar Media
E enquiry@bricksandmortarmedia.com.au

GRAPHIC DESIGNER
Chole Tremble
E info@dashboard.com.au

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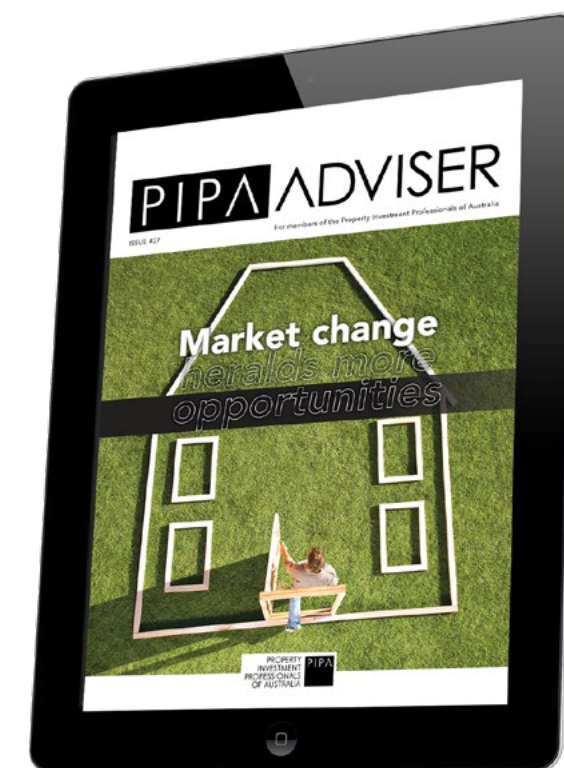
The new government has inherited an extraordinarily difficult budget situation.

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Housing was a defining issue of this month's Federal Election and the Labor party's win brings with it a raft of policy measures designed to address the property market's biggest issues.

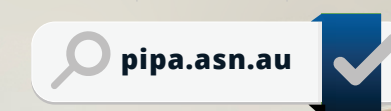
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Markets cooling with opportunities returning



Welcome to the 27th edition of the PIPA Adviser – your industry e-magazine.

Since the last issue, we have seen a new Federal Government installed, rising interest rates, and softening market conditions.

However, members are reporting solid client enquiry with plenty of savvy property buyers and investors perhaps waiting for market conditions to change before entering, or returning, to the market.

Indeed, there is currently more opportunities in markets around the nation, with fewer active buyers and more listings generally available.

I'm thrilled to announce that [PIPA's upgraded website](#) is now up and running, which is proving to be a hit with members and consumers and provides a more professional brand for the association.

We have also launched the

upgraded QPIA course, including updated content, and will start marketing it in coming weeks.

The 2022 PIPA Sydney breakfast seminar in early June saw about 50 members and non-members brave the chilly weather to hear from two expert speakers. The breakfast was very well received by attendees with the inclusion of detailed property market analysis and insights from CoreLogic's Head of Residential Research Eliza Owen a particular highlight.

I am pleased to announce that the 2022 PIPA Melbourne breakfast seminar has been set for Thursday 6 October. Please keep an eye out for more information later this year.

PIPA will also be holding networking drinks in Sydney, Melbourne, and Brisbane, with more information available coming soon.

Finally, the 2022 PIPA Investor Sentiment Survey will begin in early August. Each year, the survey has provided highly prescient insights from investors, so I would ask for your support once more by distributing the survey to your client networks when it is available.

Until next time, stay warm during these cooler winter months. 🌨

NICOLA MCDOUGALL
PIPA CHAIR

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](#).



The Sydney Morning Herald

How many years does it take a WA uni graduate to pay off their HECS debt? The figure is rising

Rising inflation will see university debt loans increase by 3.9 per cent on June 1 with many already struggling to repay their loan.

[Read the article](#)

allhomes

Why rising interest rates are good news for property investors

Cashed-up property investors are set to be the biggest winners from the first in what's likely to be a series of hikes in the Reserve Bank of Australia's official cash rate.

[Read the article](#)

The Property Tribune
AUSTRALIA'S FINANCIAL PROPERTY NEWS

Why Queensland investment will dominate for some time yet

We live in the golden age of borderless investing. Remote inspections, locality-based buyer's agents and other experts, and open access to a range of data and advice.

[Read the article](#)

new
members

PIPA welcomes
our newest
members...

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INDIVIDUAL MEMBERS

- ▶ ARNAB MAITY,
Buyerby
- ▶ JONATHAN CHOI,
Mortgage Choice in Hunters Hill
- ▶ PULKIT GUPTA,
Consulting by PK
- ▶ ARNAB NANDI,
Buyer's Agent
- ▶ SERGE SERDECHNIY,
Alpha Property Buyers

QPIAS

- ▶ GEORGE KAFANTARIS,
CBS Property Group
- ▶ AARON CHRISTIE-DAVID,
Atelier Wealth
- ▶ MICHAEL SHANDLER,
Real Estate Agent

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- ▶ GEORGE KAFANTARIS,
CBS Property Group
- ▶ EWAN RAMSEY,
Ramsey Property Wealth

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What is the objective of PIPA's Code of Conduct?



RICHIE MUIR
Chair, PIPA Legal & Risk
Committee

Over the next two editions of the PIPA Adviser, I will be providing a refresher to members about the association's Code of Conduct as well as your requirements to maintain your PIPA membership.

It's vital for members to be conversant with the code of conduct, which fundamentally is the backbone of the association and creates a point of professional difference for our members.

Members must also be aware that PIPA will investigate any consumer complaints about one of our members and will take necessary action when needed, including membership termination.

PIPA supports successful business and wishes to ensure that all members have the greatest opportunity to operate profitably within the parameters set down by the code of conduct.

The purpose of the code is to provide a framework for applying the five core values underpinning PIPA's commitment to excellence:

- Professional Development
- Leadership
- Disclosure
- Respect
- Integrity

Below is a refresher on the key elements within the PIPA Code of Conduct.

RAISE INDUSTRY STANDARDS

Members commit to obtaining educational qualifications to better serve their clients and will remain abreast of all industry development through a commitment to the

Continuing Professional Development Program offered through PIPA.

Eligible PIPA members will ensure that they obtain and maintain a level or qualification equal to or better than the Qualified Property Investment Adviser (QPIA) course.

UPHOLD REPUTATION AND VALUES

Members will uphold the reputation and values of PIPA and avoid any behaviour that would bring discredit to the association. In doing so, members will positively promote PIPA at all times and ensure that consumers are aware of the purpose and core values of the association.

RAISE PROFESSIONAL STANDARDS

Members will observe the highest standards of professional conduct and ethical behaviour when acting on behalf of PIPA or participating in PIPA-endorsed or related activities, and when servicing your clientele.

ABIDE WITH LAWS AND REGULATIONS

Members will abide with the laws and regulations in Australia at all times.

COMPLY WITH PIPA RULES, POLICIES, PROCEDURES, AND THE CODE

Members will comply with PIPA's rules, policies, procedures, and the Code of Conduct and promote the

same to your clients.

FEES AND COMMISSIONS

Members will disclose to clients, in writing, all fees and commissions, which are associated with the provision of your services so they may make proper assessment of the value of that service.

This includes all commissions, payments, kickbacks, and soft or hard dollar rewards, which may be triggered by the utilisation of any of your services.

MANAGE CONFLICT OF INTERESTS

Members will manage any situation in the performance of duties, which may create a conflict of interest.

Where a conflict of interest occurs members will advise PIPA immediately and do all they can to indemnify the association against any issues arising.

Members will also disclose conflicts of interest to clients as soon as they become aware of this, including any material interest in the accessing of any offered product.

PROMOTE PIPA

Members will utilise the PIPA logo, members website and marketing materials.

USE POSITION FOR PROPER PURPOSE

Members will use their position for a proper purpose and not take

advantage of that position for personal gain or to disadvantage PIPA.

ADVOCATE AND REPORT

Members will advocate the code and report any breaches to PIPA to deal with them in accordance with appropriate association procedures.

PIPA will work to ensure that the matter is dealt with promptly and fairly, and that the person making the report is not disadvantaged in any way, and that the person to whom the report refers is given an opportunity to respond.

COMPLAINTS HANDLING

A complaints' handling procedure must be formulated and presented to all clients in writing at the first consultation.

This complaints' handling process must include strategies for dealing with complaints and the contact details of an external complaints-handling organization.

The person assigned to deal with the complaint should have the authority to determine and respond to any complaint made by a consumer.

Written notes about any complaint should be made and a copy presented to the complainant.

A member must ensure that a consumer is treated courteously when making a complaint.

A member must not, subject to statutory requirements, impose any fee on a consumer who makes a complaint.

A member must always maintain a record of written complaints made against that member in the form and manner stipulated by the board from time to time.

PROFESSIONAL INDEMNITY INSURANCE

Members must at all times maintain Professional Indemnity Insurance, which is appropriate to their specific service provision.

Where the policy is extended to insure agents, sub-agents and/or consultants, it will also be necessary

to ensure that such persons and/or companies are named on the policy.

COMPETENCE, DILIGENCE AND DUE CARE

Members will employ competence, diligence, and due care in carrying out duties and always act in the best interests of your customers and PIPA.

OBSERVE CONFIDENTIALITY OF INFORMATION

Members will observe the confidentiality of any information acquired in the conduct of business on behalf of PIPA and not make improper use of that information or disclose it to a third party unless authorised or legally required to do so.

USE AND MANAGE PIPA RESOURCES RESPONSIBLY

Members will use and manage PIPA resources responsibly and in a manner which is in the best interests of PIPA.

RESPONSIBILITY TO INDIVIDUALS AND THE COMMUNITY

Members will show care and consideration in all relationships. Members will treat fairly individuals and the wider community.

RESPONSIBILITY TO STAKEHOLDERS AND THE INDUSTRY

Members will be responsive to the needs of stakeholders and the industry. Members do this to deliver industry relevance, value, and results for your stakeholders.

A member must deal with all persons with whom they may come into contact in the course of their professional and commercial activities honestly, honourably, and in good faith.

A member must express written terms and conditions of their services in plain language and provide a fair and balanced view of the relationship between the client and the member.

A member must not engage in any acts or omissions of a misleading, dishonest, deceptive or fraudulent nature.

A member must ensure that a member's advertising will not be misleading, dishonest, or deceptive.

MEMBERS

A member is vicariously liable for any acts or omissions of any employee or representative that embarrasses, impugns, or discredits PIPA or brings PIPA or the property investment industry into disrepute or may do any of those things. Any such acts or omissions are deemed to be a breach of the code by the member.

A member must always conduct that member's business in accordance with the Constitution of PIPA and the code, act in a professional and courteous manner towards consumers and fellow members, and refrain from any conduct which may embarrass, impugn or discredit PIPA or bring PIPA into disrepute.

A member must immediately advise any other PIPA member in a transaction of any financial interest, relationship, or association whatsoever with the client.

CONFIDENTIALITY

A member must at all times keep confidential and secure information provided by a client and will only disclose information as may be required by law or as authorised by the client.

SKILL, CARE AND DILIGENCE

A member must act with all due skill, care and diligence in their property investment industry dealings, including adherence to the instructions of the client.

A member must always ensure that they, their associates, and staff are thoroughly knowledgeable in those areas and aspects of the property investment industry in which they participate.

A member must undertake all necessary education and other PIPA endorsed programs to maintain and further their and their staff's professionalism and skill levels. ■



NICOLA MCDUGALL
Chair, PIPA

Market change heralds more opportunities

In all my years of reporting on property markets and economic metrics, I don't think I've ever seen such outlandish commentary on interest rate increases as occurred in May and June.

While, yes, the rate rises are earlier than the central bank had indicated, I don't think any of us really wanted to believe that the cash rate would need to stay at such an emergency low level for multiple years.

That's because, if it did, it would mean that our economy was in very bad shape indeed, which would be a bad thing for all of us – rather than the opposite.

Of course, our robust banking sector means that new borrowers were already financially stress-tested by two or even three percentage points higher than the actual

interest rate attached to their mortgages.

This fact, as well as most borrowers being well ahead on their repayments, means that moderate increases to interest rates are nothing to be feared.

Rising costs of living are more of an issue for most households, with inflation now well above the Reserve's two to three per cent target band. However, the central bank has indicated that it expects high inflation to be a temporary situation, rather than a permanent one.

Further, most major banks appear to be pricing in a maximum interest rate of

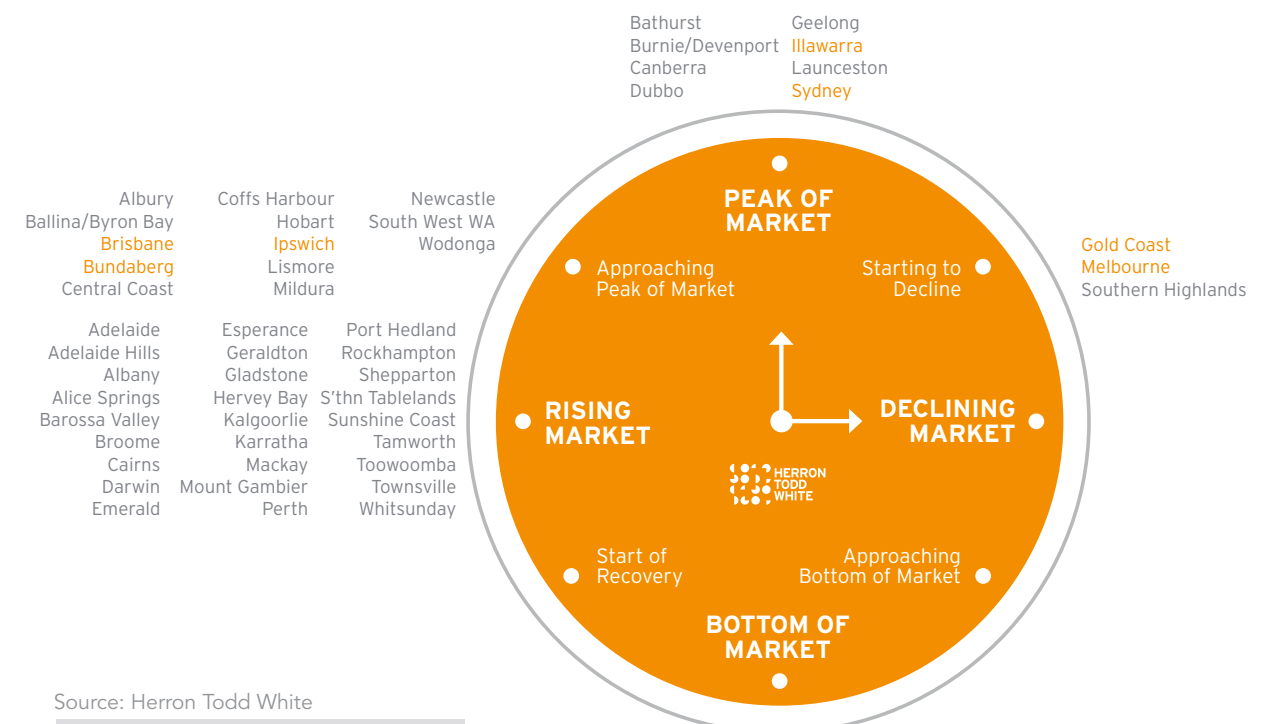
around five per cent to six per cent within two years, which is still relatively low compared to historical averages.

It's obvious that affordability constraints, as well as changing monetary policy, has taken some of the heat out of property markets – especially in our more expensive locations – with members reporting fewer active buyers.

However, with more listings available and fewer buyers, it's clear that the current changing market conditions are presenting a plethora of opportunities for long-term homebuyers and investors. 📌

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.



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Month in Review
June 2022



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TODD
WHITE
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Ben Plohl
Director,
[BFP Property Buyers](#)

A clear transition is evident across the marketplace where the dropping of price guides and auctions being passed is the new norm. A-grade properties are still moving and for good prices, however, we are seeing a significant slowdown in B- and C-grade stock.

A-grade properties are still moving and for good prices

The disparity between vendor expectation and offers from buyers in some campaigns has been very interesting.

According to the CoreLogic index results as at 31 May 2022, Sydney saw a one per cent decline in dwelling values, however, it's worth pointing out that we are still 22.7 per cent above pre-COVID levels.

We have witnessed a range of different auction results over the past couple of weeks with

some auctions struggling to muster up a single registered bidder, while others are seeing some 10 to 15 registered bidders.

Overall, the market is quite patchy with no distinct trend or pattern. Although numbers at some open homes have been down, we are noticing a lot of opportunists appearing.

Consumer confidence has taken a battering due to the negative news headlines, global unrest, and the rapid increase to the cost of living.

No doubt this is and will continue to dampen buyers' appetites when buying real estate and the market will continue to flat line and be quite patchy.

The trajectory of the cash rate will be one to watch very closely as this will have an effect on market direction.

Overall, these are the market conditions buyers should be excited about. Less competition, an increase in inventory, and dampening consumer confidence is when opportunities start to appear.



Cate Bakos
Buyers advocate,
[Cate Bakos Property](#)

The election jitters and interest rate increase didn't do much to change Victoria's rate of capital growth – we've sustained yet another very static month for both our capital city and regional market with our capital city exhibiting -0.7 per cent price movement and the combined regions exhibiting +0.4 per cent.

This is a pleasant surprise given the media doom and gloom, and the mere fact that buyers do typically opt to sit on their hands in the lead-up to a Federal Election.

The ALP's lack of tax reform and significant policy change was a stark differential to the early months of 2019 when voter nerves became palpable in the final months leading up to our last election.

We anticipate that Anthony Albanese's shared equity scheme won't have a dramatic impact on the property market as a whole, however, the headwinds of inflationary pressures and the increased cost of living are still a significant threat to further negative consumer sentiment.

By far, the most significant change within our property market relates to our rental outlook.

With onerous rental reforms rolling out and a general supply/demand imbalance in favour of rental providers, we expect that strengthening vacancy rates and increasing rents will be a hallmark of 2022 and beyond.

As far as stock levels go, with winter approaching and buyer scrutiny remaining high, we can anticipate that A-grade properties will continue to attract strong competition and prices will hold up for quality real estate.



Meighan Wells
Director & Principal
[Property Pursuit](#)

Southeast Queensland, and particularly Brisbane, is experiencing a fundamental shift in buyer behaviour across the residential housing market. And I, for one, am relieved.

The type of buyer behaviour that has been exhibited over the past 17 months has been highly alarming.

People making significant financial and personal decisions that are overwhelmingly based on an extreme fear of missing out is fundamentally flawed to the degree of bordering on insanity.

What led to this behaviour and what has changed since Easter?

Much has been written about the storm of conditions that lead to the rapid rise in house prices. The combination of low interest rates, strong net migration, affordability, and a desire for a change in lifestyle have been key factors. But let's break that down by looking at buyer behaviour.

1. Fewer people leaving SEQ

A lack of higher paying salaries and limited career progression relative to other geographic locations – Sydney, Melbourne, and overseas – used to be one of the factors that lead to moderate median house price growth for Brisbane over the long-term.

Upwardly mobile professionals with strong career trajectories were forced to look interstate

or overseas for significant professional pathways.

Consequently, the prestige upgrade property market was somewhat stifled by the exodus of professionals with high incomes in years gone by. But the work from home revolution has put a squeeze on the outflow of talent.

the work from home revolution has put a squeeze on the outflow of talent.

2. More people coming to SEQ

Interstate migration is at its highest level in 20 years and there are a number of factors contributing to this. The COVID-created work from home revolution appeared to some families to be the answer to the question that they did not even know they had pre-March 2020.

Not only is the weather beautiful one day, perfect the next, a yearning to slow down the pace of life and spend more time doing family-oriented activities appears to be at an all-time high post-COVID restrictions.

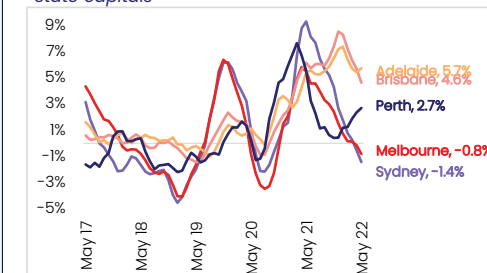
3. Affordability

An increasing median house

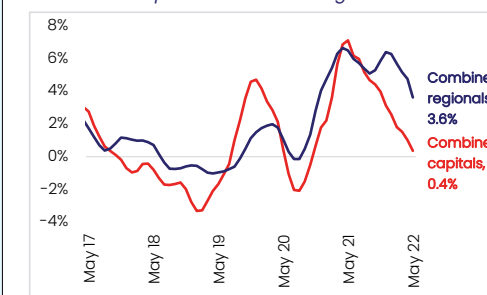
price differential between Brisbane and Sydney/ Melbourne is often a lead magnet for southerners as housing up north starts to look far more affordable.

The last big influx of southerners was in the early 2000s when the price differential was at an all-time high, which led to rapid median house price growth over the same period.

Rolling three month change in dwelling values
State capitals



Rolling three month change in dwelling values
Combined capitals v Combined regions



**Adam Hindmarch**

Director & Principal Strategist
[Prospa Property Advisory](#)

The Adelaide property market has maintained its upward trajectory over the past few months, with prices continuing to rise.

Buyer demand remains very high and the availability of stock on market remains at relatively low levels.

Adelaide is now firmly on the radar for eastern seaboard investors, who are flocking to our city in droves – and driving up local property prices according to many locals!

Real estate agents across Adelaide are reporting that it is not uncommon for more than 50 per cent of enquiries on a listing to come from interstate investors and buyer groups. The majority of whom being from Sydney and Melbourne, where prices are continuing to flatten, and investors are looking for value in other markets.

Following the recent interest rate rise there has been a very slight reduction in urgency within the Adelaide market, but certainly not enough to slow things down.

We do have to consider that the last time we saw an interest rate rise was back in 2010, meaning there is a generation of Australian homeowners who have never experienced an interest rate rise and may be a little rattled by this.

So, aside from amazing food, wine and lifestyle... why has Adelaide

become so popular?

Affordability is a strong motivator for many investors. In the northern suburbs you can still buy a standalone house in the \$300,000s! In the southern suburbs there can also be “bargains” in the low \$400,000s.

But, as with every investment, there is definitely an element of buyer beware!

Investors need to understand the location and its inherent risks

rather than just “investing in Adelaide.”

Along with affordability, rental conditions in Adelaide are extremely attractive to investors. Vacancy rates are around 0.6 per cent and, according to SQM Research, rents have risen by 18.9 per cent in the 12-month YTD.

Property managers are reporting that rental demand is ‘through the roof’ and some properties are being tenanted in minutes, not days or hours. It is not uncommon to have 70-plus people attend an open inspection and over 30 applications submitted on an average three-bedroom home, with brand-new and renovated properties achieving premium rents.

**Simon Pressley**

Head of Research,
[Propertyology](#)

Tasmania’s three largest markets produced outstanding rates of capital growth over the past three years (Hobart 60 per cent, Launceston 80 per cent, and Burnie 70 per cent).

Launceston is officially one of Australia’s top six of 200 property markets over the past five years.

Looking ahead, while the rate of capital growth will not reach the same recent giddy heights, the pressure will continue to be more than normal and double-digit rates of capital growth are therefore likely. And the incredible upward pressure on rents is not going away any time soon.

The Tasmanian economy has been the nation’s best for four consecutive years and, just this month, produced an all-time record low unemployment rate.

Community confidence has received an extra boost from the Jack Jumpers remarkable success in its first year of the national basketball competition, plus the entire state are like kids with a lollypop while eagerly awaiting confirmation of entry into the national AFL competition.

Meanwhile, household finances have never been stronger due to record high values in both home equity and liquidity (huge cash reserves in mortgage offsets and redraws).

We are anticipating home upgraders, first home buyers, and investors to still be very active real estate buyers in the foreseeable future. The volume of dwellings listed for sale has mildly increased in recent months, but still remains 48 percent lower than five years ago.

**Matthew Hughes**

Managing director,
[Capital Property Advisory](#)

The biggest news to hit headlines and the hip pocket recently has been a rise in interest rates.

In April, the Australian Bureau of Statistics released data showing inflation for the year to March 2022 was 5.1 per cent. This is the highest rate of inflation since GST was introduced by the Howard Government in 2000.

It comes as no surprise that attention quickly turned to the RBA. After all, the rate had not risen since November 2010, with November 2020 being the last time it changed at all.

While the higher-priced east coast cities will certainly feel the pinch, this won’t be the case in Perth.

Many households in Melbourne and Sydney are spending around 40 per cent of their disposable income on mortgage repayments, according to data from the Real Estate Institute of Australia. Households in Perth, however, are spending circa 26 per cent on meeting loan repayments.

Only recently has Perth overtaken its previous median price record, which was set in 2014.

Despite the recent growth, Perth remains one of the most affordable capital cities in Australia.

Historically, Perth residential prices have had a unique relationship with higher interest rates and it is not unusual for Perth to be counter-cyclical to the eastern markets.

It is not unusual for Perth to be counter-cyclical to the eastern markets.

The Reserve Bank cut the cash rate to a then relatively low 4.25 per cent in December 2001, amid ongoing global uncertainty following the 9/11 attacks.

However, this rate didn’t last long. By May 2002, the rate increased to 4.5 per cent and kept increasing until early 2008 when it peaked at 7.25 per cent, just before the GFC.

And what happened to Perth property prices during this time? They rose significantly. Perth’s median house price grew sharply each year until 2008, despite the higher rates and subsequent increases.

In terms of supply, the Perth rental market has continued to tighten, with the vacancy rate

currently 0.7 per cent. This is the lowest rate ever recorded by REIWA in 40 years. As previously noted, a distinct lack of supply in both the rental and sales markets will often lead to upward pressure on property values.

Supply chain constraints and labour shortages have also dampened the development pipeline, making it unlikely there will be a significant rise in housing stock any time soon.

Border openings will also weigh on the market, interstate and international arrivals will only add fuel to the demand fire. ▀



George Kafantaris was one of the first QPIA's in the country and now heads up CBS Property Group – a specialist property management service.



CAN YOU PLEASE TELL US MORE ABOUT YOUR BUSINESS?

I am the Director of CBS Property Group, a property management service that supports tenants and investors in Southeast Queensland and Gladstone.

The business consists of myself and a team of 17 that includes 12 dedicated property managers. We manage over 1500 properties and support a range of domestic and international clients.

Our continual growth and success are owed to the professional, prompt, and transparent property management service our clients have grown to love.

Being focused solely on property management means we are able to serve all stakeholders better, whether that means providing a better-quality experience for tenants, creating greater yields for landlords or developing opportunities for our referral partners.

The human connection is important to us. As well as serving our clients, we are motivated to establish strong partnerships, so we can elevate the status of the entire property investment industry.

HOW LONG HAVE YOU BEEN A PROPERTY INVESTMENT PROFESSIONAL AND WHAT WAS YOUR PATHWAY INTO THE PROFESSION?

It was personal experience that drew me to property management.

I built my original career as a Chartered Accountant, working in organisations including PricewaterhouseCoopers and making my way to Director level.

While I was developing this career, I was a frustrated property investor. I noticed there was a lack of coherence and collaboration amongst service providers, which was wasting my time and money (and I like to keep track of money).

Eventually, I left accounting to join the real estate industry. I achieved my full licence in 2003 and my initial foray into the industry was as a buyer's agent. It was an honour to be named Buyer's Agent of the Year four times in a row by the readers of Your Investment Property Magazine.

As a buyer's agent, it's natural to liaise with investors. I saw the same frustration I was experiencing around the lack of holistic services. It was also clear that property managers were treated as a lesser "side business"

of sales-focused agencies, which made it difficult for them to do a good job.

There was no denying the need for a specialist service that streamlines the property investing experience and takes additional steps to ensure investors maximise their returns. This led me to explore property management more seriously and I have never looked back.

WHAT ARE SOME OF THE REASONS WHY YOU JOINED PIPA?

The rules and best practices of property investing are constantly evolving.

I joined PIPA in 2009 because even though there were far fewer regulations, I could see the direction the industry was headed in. Back then, almost anyone could tell people how to invest, where to invest, and what type of property to invest in but I knew certifications and credibility markers would be important before too long.

PIPA was ahead of the curve and that impressed me. The founders genuinely wanted to help safeguard investors against poor advice and creating the stringent guidelines that PIPA members must adhere to has helped to serve this purpose.

“PIPA was ahead of the curve and that impressed me.”

YOU RECENTLY RENEWED YOUR PIPA MEMBERSHIP. CAN YOU PLEASE EXPLAIN SOME OF THE REASONS WHY?

Even though property management is growing as a niche, I believe that there is still a lack of transparency.

First and foremost, clients ask, “What are your fees?”. While fees are important, they shouldn't be the deciding factor. After all, fees can be significantly offset by:

- ▶ Minimising vacancy
- ▶ Achieving the highest possible rent
- ▶ Ensuring rental arrears are as close to zero as possible
- ▶ More regular distribution of rent (so it can sit in the investor's account, not the agency's)
- ▶ Preventative maintenance
- ▶ Quality tenant selection
- ▶ Strategies that increase the value of the property

Low fees can sometimes end up costing investors more. I want CBS Property's clients to have better visibility when it comes to achieving long-term results.

While we take the time to work through such items as their insurance and quantity surveying with them and keep detailed and accurate records on their behalf, we also connect them with other providers such as brokers and accountants, if required. These professionals provide additional support by reducing holding costs and identifying other ways to save money.

As a PIPA member, I know I can

rapidly connect CBS with quality providers who have the right skills and can be trusted.

YOU WERE ONE OF THE FIRST QPIA'S IN AUSTRALIA. WHY DID YOU DECIDE TO COMPLETE THE TRAINING IN 2009 AND WHY SHOULD EXISTING AND NEW ENTRANTS IN THE INDUSTRY DO SO THEMSELVES?

I think I was amongst the first 10 to complete the QIPA qualifications. I took the course because I wanted to prove to my clients that I can provide more value and a higher level of service.

The qualification helps reverse the sometimes-negative image of the property management industry. This reputation has been created by operators who are only interested in the quick bucks that come from an over-inflated portfolio and not enough hands-on deck. It's a house-of-cards approach that never lasts for long.

Demonstrating a QIPA qualification gives peace of mind to clients. I recommend it to all industry professionals who have trust as one of their key values.

YOU HAVE BEEN INVOLVED IN PROPERTY INVESTMENT FOR A LONG TIME NOW, WHAT ARE SOME OF THE MAJOR CHANGES YOU HAVE SEEN DURING YOUR CAREER?

This year is my 20th year in the property industry. Over the last two decades, I have gone from phone calls and faxes to emails, apps and instant messaging.

Technology is a double-edged

sword. It has levelled the playing field with regard to information, but it has also upped the pressure when it comes to delivering responses. These days, even a 24-hour wait is too long, and it is up to providers to find ways to mitigate this.

Sometimes the human connection becomes lost; you can realise you have been dealing with someone for weeks but not actually spoken to them. As a result, there can be a lot of burn-out in the industry.

However, I have also witnessed how the use of AI and digital platforms have opened the door to an ever-increasing level of professionalism for those who are genuinely serious about doing the best for their clients.

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

After the stress of the pandemic, it's good to feel excited about the future again.

CBS Property Group believes that property management should never be purely transactional. My team and I will continue to appreciate the fact that we are being trusted with our clients' dreams.

Business as usual for us means maintaining the human connection, remaining humble and always asking, “What else can we do for you?”

In terms of growing towards what's next, our focus is on being crystal clear about why we do what we do and working with referral partners who trust us to proactively and efficiently manage dozens or even hundreds of their clients' properties. ■

What a Labor Government means for housing affordability and the property market

Housing was a defining issue of this month's Federal Election and the Labor party's win brings with it a raft of policy measures designed to address the property market's biggest issues.

In wrapping up the Labor Government's initiatives, CoreLogic's Research Director Tim Lawless says the headline 'Help to Buy' scheme is likely to be popular with prospective home buyers, as it provides a more affordable entry point to the Australian housing market for those individuals on low-to-mid level incomes.

Mr Lawless said this will contribute to more equality in rates of home ownership across income cohorts, and could create more opportunities for key workers to live in more central areas.

"Being able to share up to 40% of the purchase price with the government, along with only a small deposit and opportunity to save on lenders mortgage insurance, helps to overcome several of the hurdles of home ownership," he said.

"Keeping in mind buyers will still have to fund their transactional costs, including stamp duties, legal costs and bank fees."

With a cap of 10,000 places,

the scheme could be quickly oversubscribed as prospective Australian home buyers take advantage of the leg up into the housing market.

Mr Lawless highlights the First Home Loan Deposit scheme, which saw the first 10,000 places of the scheme allocated within six months. He notes however places for new homes were not taken up as quickly, and building constraints/high construction costs could deter the uptake of a shared equity scheme for new homes.

"Having said that, a higher interest rate environment, which may see lower prices, could make people more cautious of buying, reducing demand for the scheme in the short term," he said.

"Historically, residential transaction activity correlates with property price movements. Additionally, we have just been through a period of significantly elevated transaction activity, including from the first home buyer cohort, where many home purchasing

decisions were likely brought forward to take advantage of the swathe of home buying grants and incentives over 2020 and 2021."

The added flexibility of buyers being able to 'top up' their ownership stake once in a better financial position is another advantage of the scheme, although any change in the proportion of ownership would presumably be accompanied by a paydown in the share of equity that has accrued in the property back to the government.

ASSOCIATED RISKS

Although the scheme is expected to be popular among buyers, Mr Lawless warned anyone considering the scheme should be aware of the risks associated with buying on such a small deposit.

"With the housing market probably heading into a downturn over the coming year or years, some buyers may find their home is worth less than the debt held against it," he said.

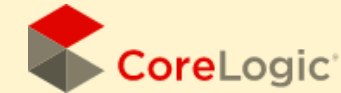
"It's important to know if the government will share in the downside risk if the property is sold while in a negative equity situation."

KeyStart Loans in WA is a good example of what can happen to a shared equity scheme in a declining market. According to the WA government, the portion of KeyStart loan accounts in default did rise between January 2017 and September 2019, from 0.92% to 1.21% of KeyStart accounts, in the midst of a long, large housing downturn across WA.

However, Mr Lawless said the default rate is still relatively low and the scheme has helped thousands of people into home ownership.

"The nature of the housing and economic downturn in WA has posed a lot more risk to serviceability than the relatively tight labour market

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conditions we see in Australia at the moment."

UNDERLYING ISSUES

Importantly, the 'Help to Buy' scheme is only addressing the symptoms of housing affordability rather than aim to actually fix the underlying issues. Similar to the First Home Loan Deposit Scheme, Mr Lawless said the new Labor Government appears to be adjusting from 'housing affordability' solutions to more pragmatic policies that target home ownership, avoiding any downward pressure on housing prices.

It is also worth considering any demand-side incentives can add upward pressure to home prices. For this reason, the limited number of places in this particular scheme, along with price caps and income caps, should help to contain some of the excess demand that could result in upward pressure on prices.

The Regional First Home Buyer Support Scheme extends the existing First Home Loan Deposit Scheme by providing an additional 10,000 places specifically for regional first home purchases.

Mr Lawless said based on the property price caps, the scheme is likely to be most popular for those buyers targeting a unit purchase, or lower priced regional markets where detached housing values are more affordable.

CoreLogic's analysis of regional Australian suburbs shows roughly one third (33.9%) recorded a median house value equal to or under the Regional First Home Buyer Support Scheme price cap, and 71.1% recorded a median unit value equal to or less than the price cap.

The Labor party notes 'the housing crisis is hitting regional Australia the

hardest', which isn't necessarily true from a purchasing perspective, Mr Lawless said.

"Although regional housing values have risen faster than capital city housing values over the past few years, we are still seeing the dwelling value to household income ratio across regional Australia (a ratio of 7.9 in March 2022) lower than the capitals (a ratio of 8.5)," he said.

"Although from a rental perspective, regional renters have been dedicating a larger proportion of their incomes towards rent than the capital cities since 2017". Encouragingly, many of the factors that contribute to worsening housing affordability, such as insufficient land release and restrictive town planning policies will be part of an expanded remit for the reframed NHFIC, which would be re-branded Housing Australia.

Housing Australia's expanded role would administer the various government programs, including Help to Buy, existing deposit guarantee schemes and the Housing Australia Future Fund, as well as take responsibility for the newly created National Housing and Affordability Council and National Housing and Homeless Plan.

Mr Lawless said NHFIC's expanded remit should help to address the issues that make housing unaffordable, while also providing more transparency and reporting about the release of government owned land and helping to steer policies related to social and affordable housing supply.

"It was interesting to note Labor intends to fund some of these initiatives by applying higher fees on foreign buyer purchases," he said.

"Higher fees and costs associated with foreign buying activity comes after a recent history of substantially higher

federal and state-based taxes on this buyer segment. In fact, this may have contributed to foreign buying approvals hitting record lows according to FIRB data. Further disincentives for foreign buying have the potential to keep foreign purchasing at low levels, which could have a negative outcome on rental supply. Arguably, higher levels of foreign buying activity could help to alleviate the rental crisis Australia is navigating by introducing more rental housing into Australia, given that foreign buyers generally have to buy new homes."

Investment in social and affordable housing options is long overdue, with the stock of social housing increasing only marginally since 2006. While the additional funding and housing support for disadvantaged sectors of the community is welcome, the 30,000 additional dwelling over five years remains insufficient.

A recent report from Brendan Coates at the Grattan Institute noted even with 100,000 extra social housing properties targeted towards people in most need, more than two thirds of low-income Australians would remain in the private rental market where national rents are currently rising at around 9% per annum.

There is little detail so far on this initiative and the plan is yet to be formulated. However, the Labor party has expressed a commitment to working with a broad range of stakeholders including the states and territories, local governments, industry bodies, superannuation funds and other relevant experts on how to address housing, finance and urban development. ■

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