



Property Operators and Real Estate Services 2020

Industry Developments and Workforce Challenges¹

Economic Climate. The COVID-19 pandemic has had a huge effect on the housing market with the full impacts still unknown. The Real Estate Institute of WA (REIWA) is reporting that Perth's property prices have held in April despite sales volume dropping 40% for the month. This indicates that the current initiatives by the Federal and State Government are helping to ensure homeowners are not forced to sell their properties due to financial distress. The outlook of the property market is contingent upon a speedy economic recovery and sales activity is anticipated to pick up however further intervention of the State Government may be required.² This decline in activity was not mirrored in the rental sector which has remained relatively stable and has allowed some businesses to maintain their current workforce. Reportedly, Western Australia remains the most affordable state for resident and tenant housing in the country.³ While it was anticipated house prices will improve in 2020, partly stimulated by the latest interest rate cuts, the Federal Government's proposed first home loan guarantee scheme to enable buyers to purchase their first home with a 5% deposit,⁴ the McGowan Government's changes to the Keystart lending eligibility⁵ and the Australian Prudential Regulation Authority's plans to reduce the 7% floor on serviceability calculations for residential mortgages, allowing banks to assess loans at 2.5 per cent above current rates⁶, the sudden and dramatic downturn in the economy in response to COVID-19 it is yet to be seen how the market will respond as restrictions are lifted and the state returns to its pre-pandemic activity.

Advocating Change. REIWA are advocating for a minimum 15% infrastructure budget based on WA's contribution to Australia's GSP⁷ and a push for a Perth City Deal.⁸ With more first home buyers choosing to buy established properties rather than build new (20% growth between the December 2017 and 2018 quarters), REIWA proposes reintroduction of a First Home Owner Grant for eligible first home buyers who purchase an established residential dwelling⁹ and has recommended a number of tax reforms to improve housing affordability, including the introduction of a broad-based land tax regime to replace current stamp duty arrangements seen as the greatest barrier to housing affordability. REIWA are also strongly advocating for the transition away from stamp duty as a major source of government income. REIWA advocated for an opt-in method whereby buyers can choose to pay stamp duty upfront or as an ongoing annual fee. The latter will make buying a property more affordable while also reducing the governments exposure to risk of income due to decline in transaction numbers from year to year.

Strata Reform. The Amended Strata Titles Act 1985 commenced on May 1 2020 having been passed by Parliament. The amendments will introduce better information for strata buyers; more efficient dispute resolution; a fairer process for scheme termination; improvements to strata management;

¹ Parts of the report are consistent with the 2019 submission.

² REIWA, [Perth property process stabilise despite lower sales volume](#), 1 May 2020

³ REIWA, [Western Australia is still the most affordable state for housing in the country](#), 07 June 2019.

⁴ REIWA, [Morrison Government election victory a win for housing market](#), 20 May 2019.

⁵ Government of Western Australia, Media Statement, [Keystart gets \\$42.1 million boost to assist housing sector](#)

⁶ REIWA, [Changes to APRA's mortgage servicing regulations a big win for home buyers](#), 21 May 2019.

⁷ Ibid.

⁸ REIWA, [Perth City Deal must be a priority for next Federal Government](#), 29 April 2019.

⁹ REIWA, [Established property purchases increase 20 per cent in WA first home buyer market](#), 25 February 2019.



leasehold strata as a new form of land title; and more flexible staged subdivision.¹⁰ The new legislation will bring strata owners, residents, developers and managers a clear, transparent and accountable framework for creating and managing strata in WA. Changes to the Act impose extensive statutory duties on strata managers to make them more accountable and lift the standards of professional service delivered to strata companies, including the introduction of specified educational qualifications.¹¹

Housing Diversity. Western Australia's population is expected to double by 2050. The State Planning Strategy 2050¹² forecasts that up to 550,000 new dwellings will need to be built in Perth alone to cater for this increase in population. Local government planning schemes must evolve to cater for population growth, a changing household composition and an ageing population. Housing diversity is essential to WA's long-term prosperity, infill targets and improved liveability. Collaboration between communities, state and local governments will be paramount to enable greater supply of housing. An ageing population will see an increased demand for retirement community housing as well as buildings offering apartment services such as in-house doctors and other medical staff. These types of services are also expected to increase in demand in other age groups as young professionals come to expect greater services available in medium-high density living.

Density Housing. Density housing is fuelling current local planning debates with local governments hesitant to update their local planning scheme wanting to preserve the character, charm and heritage of these areas. The City of Fremantle are introducing amendments to its Local Planning Scheme to incorporate medium density housing in well-established suburbs without negatively impacting on its appeal.¹³ The WA Government is implementing a staged approach to higher density development and infill throughout Perth. It has released a set of guidelines for developers and local governments to ensure apartments are built to a higher standard, focusing on design for the built environment, new residential design codes for apartments and a design review guide.¹⁴ Similarly, the State Government is directing its focus on compact housing for more affordable and diverse housing options for a range of buyers, including first home buyers and seniors. The Western Australian Planning Commission released a new policy to guide subdivision, building design and development of small lots in new residential areas and transit precincts.¹⁵

Technology. Fintech investment is expected to lead growth in online lending to more than \$1 trillion by 2021 which has significant implications for the real estate industry. Advancements in real estate technology, social media marketing, research methods and customer tools can increase efficiency and value for clients while automating administrative functions enabling agents to focus on non-routine tasks.¹⁶ Industry has seen an increase in the automation of valuations, appraisals, auctions, signing of leases and contracts, title transfer and loan approvals. PropTech start-ups continue to transform industry, client experiences, capability and capacity. Advancements in technology such as robotic learning, automation and online retail are changing the way real estate is being operated. Software and web-based applications continue to inform and empower users, connect relevant stakeholders, drive efficiencies, enhance business capability and provide market transparency.¹⁷ Tools such as AgentFinder target end users: they simplify and localise property searches, generate real-time notifications and provide transparency on property price and status.¹⁸ Others are designed to improve agent-buyer interaction, communication and end-to-end processes. REBid centralises all information including conditions, and automates contract creation and delivery, keeping buyers constantly up to date.¹⁹ Virtual reality technology continues to shape change. Emerging property management software such as inspector360, incorporate 360-degree imagery, video, voice-to-text and hotspot mapping of floor plans to document property condition reports.²⁰

¹⁰ Landgate, [Making strata better, what's changing](#)

¹¹ Parliament of Western Australia, [Strata Titles Amendment Bill 2018, Explanatory Memorandum](#).

¹² Government of Western Australia, Department of Planning, Lands and Heritage, [State Planning Strategy 2050](#).

¹³ REIWA, [Housing diversity essential to WA's long-term prosperity](#), 05 March 2019.

¹⁴ REIWA, [Design WA guidelines to raise the bar for apartment buildings](#), 19 February 2019.

¹⁵ Government of Western Australia, Media Statements, [Small lots policy big on innovation and affordability](#), 4 June 2019.

¹⁶ Bankwest, [Bankwest Future of Business: Focus on Real Estate 2019](#).

¹⁷ Proply, [5 Australian PropTech startups to watch](#).

¹⁸ REIWA, [Finding your new home is now even easier with the reiwa.com app](#), 24 June 2019.

¹⁹ REIWA, [How to make buyer excellence easy in real estate](#), 15 March 2019.

²⁰ Business News, [Assetowl shares soar 225% on The Agency deal](#), 16 April 2019.



Demand for Advisory Roles. With increased diversity in the types of properties available and services required by owners and tenants, many are looking for professional advice from the industry on how to best meet their needs. This has seen an increase in the provision of adjunct advisory services, including buyer advice, particularly from overseas and commercial tenants.

Marketing Focus. Developing relationships and trust continue to be critical for real estate businesses. In line with this, a greater focus is being placed on marketing due to increased competition, depreciated growth and challenging economic conditions. Coupled with growing consumer expectations and push for interactive experiential consumption, a more holistic and targeted approach is emerging among agents. Digital and mobile-friendly strategies are increasingly important with emerging products, such as ActivePipe, automating campaigns and simplifying email marketing. Virtual home staging and drone photography are other strategies being used to ensure companies remain competitive.

Regulatory Requirements. The real estate industry is highly regulated. Business operators must be licensed and representatives working under a licensed operator must be either licensed or registered through the Department of Mines, Industry Regulation and Safety (DMIRS). Recent changes to strata legislation will have licensing implications for strata managers and industry at large with current discussions exploring a move towards national licensing. The Department of Mines, Industry Regulation and Safety have determined compulsory training will be required for operators and strata managers to meet the requirements of the Strata Titles Acts Amendment Bill 2018. Current discussions point to a likely Certificate IV level qualification with a grandfathering period of 4 years. This will have significant ramifications for operators and strata managers in industry who, until now, have not had any educational requirements. While the move will lift accountability and standards for industry, it has significant upskilling cost implications for individuals and industry, raising concerns about the adverse effect this may have on employees wishing to return to work, particularly those looking for part-time arrangements, many of whom are women. These new training arrangements have sparked debate between the Strata Community Association (peak industry body for Body Corporate and Community Title Management) and REIWA on the introduction of qualifications for other occupations across the sector.

Quality Training. Industry has expressed concern about the depth, breadth and duration of training provided by some organisations, in particular online training offered interstate by providers who may not even cover the WA legislation as part of their course curriculum. With some courses being offered in as little as a day, industry questions the quality, rigour and breadth of information covered. Delivery of quality training and quality assurance is fundamental to maintaining industry integrity and high levels of service delivery. It is critical graduates have the knowledge and competencies to successfully start selling or renting a property and meet their obligations. The recent review and endorsement of vocational qualifications in real estate and property services has addressed prior industry concerns around content currency. New qualifications better represent occupational outcomes. Training providers will need to continue to consult with industry and the regulator to ensure their training is relevant.

Industry Workforce Priorities

Supply. Regulatory restrictions, falling house purchases and lower house prices have had a negative effect on the number of people entering the industry in recent years. Changes to the Real Estate Industry Award saw changes to commission-only arrangements and the introduction of a minimum wage for sales representatives continues to impact the real estate market. This has seen a decrease in the number of people being employed in the sector as well as an exodus of current staff as companies are unable to afford these wages in a slow market. The cyclical nature of the real estate industry is reflected in employment levels. When the market is slow, industry struggles to employ new and maintain existing staff. However, signs of economic recovery are on the horizon partly due to the flow-on effect of greater mining activity. Real estate revenue anticipated to grow by 16% in the 5 years to June 2024.²¹ While automation of business processes will reduce the reliance on employees to some extent, addressing the decreasing intake of new entrants and the high number of people leaving the industry remains a focus to ensure adequate supply into the future.

²¹ Bankwest, [Bankwest Future of Business: Focus on Real Estate 2019](#).



Strata and Housing Reform. Increasing the skills of those working in strata management roles will be vital to the industry. Changes to the Strata Titles Act and Community Titles Bill mean the sector is becoming more complex. The new legislation will provide a more streamlined and transparent system for everybody involved in strata living. This includes, better dispute resolution, clearer obligations for strata managers and a fairer and more robust system for the termination of schemes. Housing agenda priorities of the state and local governments will see strata communities become more prevalent. It is essential that professionals in industry such as property and strata managers have the skills and knowledge to effectively manage both residential and commercial assets, as well as provide owners, residents and developers with correct and reliable advice and information. REIWA's long standing position is that, like real estate agents, strata managers should be licensed.

Skilling Needs. Innovation of new technologies will need to be balanced with individual skills to meet rapidly changing consumer demand. It's essential those in the industry embrace technology and have the capability to apply emerging tools and systems into their daily operations. Technology has disrupted the industry from applications and transfers to entirely online and VR tours allowing agents to show multiple houses in one place. Development of functional technical and knowledge will be integral to navigating a changing landscape and remaining competitive. Similarly, use of social media platforms is change marketing and advertising and it is important agents are able to maximise these. Introduction of *self-service* capability for consumers is changing buyer and seller behaviour and expectations. These are driving a need for greater levels of communication and transparency between agents and external parties. Agents need to be able to adopt systems which can help with response times and help deliver a better service. They need to have a working knowledge to apply system automation and continually improve their knowledge and skills to remain relevant to customers. Building long-lasting relationships and improving client value is critical and relies on the ability to engage and have a problem solving mindset.

Industry to Professionalism. The Real Estate Institute of WA (REIWA) support the national industry association's application to have real estate recognised as a profession in Australia. This move would see a huge focus on skills development and raise the standards for education and training across all sectors of the industry. The *industry to a profession* push would improve knowledge, competency and customer experience, ensuring people who hire real estate agents receive a first-class service experience.

Training Package Changes. Although updated qualification were released in March 2019, ASQA²² and TAC²³ have confirmed the transition period for the old qualification has been extended until 30 September 2021. This will allow training providers and the regulator time to ensure the new training products meet the licensing requirements in WA. Artibus Innovation have proposed to review and update the Strata Management qualifications in their 2020 Industry Skills Forecast, stating the qualification require updating to address regulator changes and industry practice. The units in the Strata Management qualifications have been superseded and require updating to meet training package policy and to reflect a changing regulatory environment. Strata managers are also being impacted significantly by the Building Confidence Report, non-complying building materials and environmental performance expectations, all of which need to be included in the reviewed qualifications.²⁴ Artibus have also identified a project to development of a new Certificate II in Property Pathways to attract and support new entrants to the property industry by providing a streamed training pathway to its sub-sectors and enhance articulation into high level vocational qualifications.²⁵

Residential Tenancies Act review. The Department of Mines, Industry Regulation and Safety have announced a review of the Residential Tenancies Act with the aim of ensuring all West Australians have

²² ASQA, [Extension to transition period for CPP qualifications and units of competency](#), 6 September 2019

²³ TAC, [Update superseded items from scope](#).

²⁴ Artibus Innovation, [Industry Skills Forecast 2020](#)

²⁵ Ibid



access to reliable and affordable rental properties. Still in its consultation phase, an extension to the deadline for feedback submissions was announced in light of COVID-19.²⁶

Regulatory Response to COVID-19. A moratorium on residential tenancy evictions was made law following legislation passing the WA Parliament. These laws implement the decision of the National Cabinet and are designed to prevent tenants from having to move out or being made homeless during the COVID-19 pandemic.²⁷ Other elements of the new laws include a ban on rent increases during the moratorium period; fixed-term tenancies will automatically convert to periodical tenancies if they expire during the period; landlords do not have to carry out non-urgent repairs if they are experiencing financial hardship or cannot access the premises due to restrictions and tenants experiencing pandemic related financial hardships who end a fixed-term tenancy prior to its end date will not incur break lease fees. In light of the COVID-19 pandemic and the difficulties real estate professions face trying to meet their annual compulsory professional development (CPD) requirements, the Commissioner of Consumer Protection has permitted all RTOs to provide the mandatory training component to all participants online or via webinar, a delivery options usually only available to remote participants unable to attend face to face training.²⁸

Industry Response to COVID-19. The Real Estate sector has been hit hard by the COVID-19 pandemic with initial estimates expecting sales to be down by as much as 75%. At the beginning of April, this drop in sales came with estimated job losses of round 1500 in WA or roughly 23% of the industry with sales representatives and property managers particularly hard hit. As restrictions on home opens began to ease in early May REIWA revised these estimates to around 15% job losses. The ban on evictions, while well intentioned has caused widespread confusion, with many tenants believing it is also a ban on paying rent. People whose income have not been affected such as Centrelink recipients, are refusing to pay rent under the impression they cannot be evicted. This is having a huge impact on agencies and their ability to pay staff as their only income derives from rental payments. Industry lobbied to see the introduction of rent assistance payments paid directly to agent or private landlord to ensure rents are paid and jobs are secured however to date, this has not happened. The Australian Government have implemented a number of restrictions for the Real Estate industry which are widely supported but will ultimately change the way businesses operate. The restrictions initially put an end to auctions and home opens and saw many agencies utilising technology to limit contact altogether via virtual tours or offering viewings by appointment only to individuals. Auctions were still offered however taking place on online platforms or via phone bidding²⁹. These restrictions were eased as of April 27 with the government allowing home opens, with appropriate record keeping and hygiene practices in place with up to 10 people.³⁰ REIWA have indicated they believe this will have a positive effect on generating sales activity.

²⁶ Department of Mines, Industry regulation and Safety, [Residential Tenancies Act review 2019](#), accessed 19 May 2020

²⁷ Government of WA Media Statement, [Moratorium on residential tenancy evictions becomes law in WA](#), 21 April 2020

²⁸ Department of Mines, Industry Regulation and Safety, [Real Estate bulletin 221](#), 23 April 2020

²⁹ REIWA, [How you can still buy, sell or rent during the coronavirus outbreak](#), 25 March 2020

³⁰ Government of WA Media Statement, [Cautious easing of restrictions thanks to WA's COVID-19 progress](#), 26 April 2020