

[Current issue](#)[Resources](#)[Subscribe](#)[Business Directory](#)[Calculators](#)[Online Store](#)[Advertise](#)

NEWSLETTER

The argument for regulation of property advice

Posted on Friday, October 19 2012 at 10:30 AM

The Australian property market was valued at \$4.54 trillion in December 2011, compared to the \$1.17 trillion value of the stockmarket. Did you know the provision of advice about investing in this huge asset class, which forms the foundation of most of our personal wealth, is currently unregulated?

The real estate sector is changing and there are plans to create training requirements nationwide for those in the industry. It's anticipated national licensing will require industry professionals to attain the highest level of training. These changes were to be introduced in July this year; they weren't and there has been little news about the progress of this reform.

In all states and territories, a real estate agent acting for a seller is prohibited by law from also acting for a buyer in the same transaction. And while the law requires selling agents to disclose their interests when they're selling a property for a commission, there are some who don't.

I recently attended a property wealth expo and was shown an amazing opportunity to join a group with a 'secret' investment concept called 'land banking'. My introduction began with a disclaimer to be signed before entering the seminar. The seminar was formulaic with plenty of hype, lots of motivational speaking, upbeat music and unreferenced, outdated data and statistics. To close, the audience was told there were "limited opportunities" to invest.

At this point it became even more concerning. To qualify for this investment opportunity, I had to become a 'member' and pay a \$4000 fee. The membership fee would be refunded if I bought some land, of course. Even though that transaction may not occur for several years, they would have the use of my money and I would have no title for quite some time.

What most buyers wouldn't realise is that this is a highly crafted sales pitch and the 'membership fee' was really a property reservation fee. I spoke privately to the presenter during the event and asked how he got paid and by whom. I eventually learned that his company was in fact a "project marketing firm which acted as a vendor's agent and received a commission every time an investor bought the land they had for sale".

What's wrong with that, you may ask? Well, it's against the law to not disclose that vested interest. If that transparency isn't there from the start, then you're right to have reservations.

The other issue in the real estate sector is that unlike the financial planning and mortgage brokerage sectors, property as an investment asset is unregulated. There's no regulatory body (like the Australian Securities and Investments Commission) that requires factual claims be based on evidence.

Property for investment should be considered on the basis of the potential performance against market averages. To support this we need:

- Standardised requirements for claims about historical performance.
- Benchmarks so we can rate if it was an above or below average performance.
- Realistic foundations for claims about the future, rather than the claims by some developers.

[FREE API eNEWSLETTER »](#)

ADVERTISEMENTS:

SPONSORED LINKS:

Cash Cow Property in Brisbane – now available

1 year old house with tenant currently renting at \$410 per week

The Businessmall

For Australia's largest selection of property and finance books.

FREE PROPERTY DVD – valued at \$149.95

Secret Strategies You Need To Know To Make Your Fortune In Property! Promo Code APIWEB

To support transparent decision making, we also need modelling tools that represent the real estimates for projected cash flow for buying, holding and selling the property.

If you don't have the time and resources to do the due diligence yourself, there are qualified and independent professionals who can give you property investment advice to support your wealth creation goals.

As with anything in life, you need to know the necessary questions to ask in order to understand what's being presented to you so that you're better prepared to make informed decisions.



Rosemary Johnston is an advisory board member at the Property Investment Association of Australia. www.piaa.asn.au



Miriam Sandkuhler is an accredited property investment adviser with more than 13 years experience in the property industry and director of Property Mavens www.propertymavens.com.au

Follow us on [Twitter](#).

Was this article helpful? Place a link to it from your website, or share it using the button below.



PROPERTY DATA:

[Residex Report](#) [Renovators Report](#)
[Predictions Report](#) [Postcode Explorer Report](#)
[Best Rent Report](#) [Residex Right Price Report](#)

Australia's Leading Provider of Accurate Housing Information

OUT NOW

Available NOW by subscription, online or at all major newsagents

[VIEW CONTENTS](#)

SUBSCRIBE TO API NOW and you'll get valuable bonuses up to: **\$1,225 FOR FREE!** [CLICK HERE NOW](#)

Recent articles: November newsletter

- [Should you invest in property inside your super?](#)
- [10 streets with the biggest renovation profit potential](#)
- [Big perks on offer for South Australian homebuyers](#)
- [What you need to know about buying a deceased estate](#)
- [10 streets with the best renovation profit potential](#)
- [The argument for regulation of property advice](#)
- [Renovating your SMSF property? What you can and can't do](#)
- [Buying at auction: when you should walk away](#)
- [40 streets with the biggest renovation profit potential](#)
- [Town planner Q&A: The ins and outs of MCUs](#)
- [Managing tenants when selling your rental property](#)
- [Is your financial planner really working for you?](#)

SURAT BASIN HOMES Investment

from **\$349,700** **\$223 a week in your hand**

[CLICK HERE](#)

News	Blog	Articles	Follow	Events
Auction clearances support strengthening market	Handling real estate heartbreak	Ten ways to increase your borrowing capacity	Twitter	Oct 16: The Property Market in 2013 : beyond the hype
Industry welcomes contract law changes in Queensland	Australians finished 2012 wealthier	Nine devastating mistakes homebuyers must avoid	YouTube	Nov 27: Bunbury WA Property Investor Night 27/11/12
Shale oil mining ban lifted in Queensland	As a landlord, it's best to dumb yourself down	Top five reasons borrowers are rejected	RSS	Feb 20: Real Property Investment Strategies for 2013
\$85m project boosts Tasmania's	Make this the year you take the plunge	FHOG clears to reveal a simple		Mar 2: The Ultimate Property