

Conversation with REA South Auckland

Belinda Moffat, Chief Executive

Thursday 29 July 2021

Panel

Latham Lockwood, REA Licensee Board Member

Phirak Appleton, REA General Counsel

Josh Doherty, REA Head of Regulatory Services

Nadine Thomas, REA Head of Engagement, Insights and Education





Agenda

8:45 am	Welcome/Karakia	Belinda Moffat
8.55 am	Opening Remarks + REA Strategy 2021 - 2025	Belinda Moffat
9:15 am	Licensee numbers and complaints	Josh Doherty
9:25 am	Complaint themes	Phirak Appleton
9:35 am	Reflections on being a Board Member	Latham Lockwood
9:40 am	REA Panel: Belinda Moffat to introduce and MC	Latham Lockwood Josh Doherty Nadine Thomas Phirak Appleton
10:20 am	Close	Belinda Moffat



Karakia/ Welcome

Belinda Moffat, Chief Executive/Registrar



Karakia (to open a meeting)

Whakataka te hau ki te uru

Cease the winds from the west

Whakataka te hau ki te tonga

Cease the winds from the south

Kia mākinakina ki uta

Let the breeze blow over the land

Kia mātaratara ki tai

Let the breeze blow over the ocean

E hī ake ana te atakura

*Let the red-tipped dawn come with
a sharpened air.*

He tio, he huka, he hau hū

*A touch of frost, a promise of a
glorious day*

Tīhei mauri ora!



Opening Remarks

Belinda Moffat, REA Chief Executive

The market is pressured, and the future is uncertain

Operating environment



- Property prices have soared, on the back of tight supply and strong demand
- Pressure on buyers, sellers and licensees
- Pressure on the Government to take action
- The long-term impact of COVID-19 is uncertain
- Increased the workload for REA as the industry regulator
- Raise public scrutiny

The role of the REA

Consumer Protection Agency + Conduct Regulator of Real Estate Professionals

We want buyers and sellers to confidently engage in real estate transactions without harm



We want to promote high standards of conduct from licensees and build trust and confidence in the sector

To do this we need to use all the tools in our regulatory toolkit to ensure accountability, professionalism and integrity.



REA Strategy 2021-2025



Te Anga Rautaki Strategic Framework 2021- 2025



Government priorities

To improve the wellbeing and living standards of New Zealanders

Our vision

People confidently engage in fair transactions with trusted real estate professionals

Our purpose

- To promote and protect the interests of consumers in respect of transactions that relate to real estate, and
- To promote public confidence in the performance of real estate agency work

Consumer protection agency and Conduct regulator

Aim to build integrity and trust in the sector, and contribute to wellbeing of New Zealanders

Four strategic impacts we aim to achieve



Informed consumers across New Zealand's diverse communities confidently engage in real estate transactions without harm



Licensees fulfil their obligations and are capable, trusted and professional



Awareness of and confidence in REA as the conduct regulator is increased across New Zealand's diverse communities



Standard of conduct by licensed real estate professionals is increased



To achieve the impacts, we will work towards 6 strategic priorities

1. Inform and engage with consumers across New Zealand's diverse communities
2. Deliver an independent, effective and accessible disciplinary process, and hold poor conduct to account
3. Educate and engage with licensed real estate professionals to enable them to meet their regulatory obligations
4. Demonstrate our commitment to te Tiriti o Waitangi
5. Raise awareness across New Zealand's communities of REA as an effective conduct regulator and our role in the real estate system
6. Increase our regulatory effectiveness and understand and respond appropriately to causes of harm

Key areas of focus

- Providing information to **empower consumers** to safely navigate real estate transactions
- Increase our **regulatory effectiveness and efficiency**
- Supporting and promoting **high standards** of conduct by licensees, which will prevent harm to consumers
- **Extend our reach** to licensees and consumers across NZ's diverse communities (age, ethnicity, ability, identification)



Key areas of focus

- Raising **awareness of REA/Settled** through our networks and digital/non-digital channels
- Demonstrating our commitment to **te Tiriti o Waitangi**
- Using all the tools in our **regulatory toolbox**
- Understanding **drivers of risk / poor conduct**
- Emphasis on **working together** across our teams, with industry and across the property sector

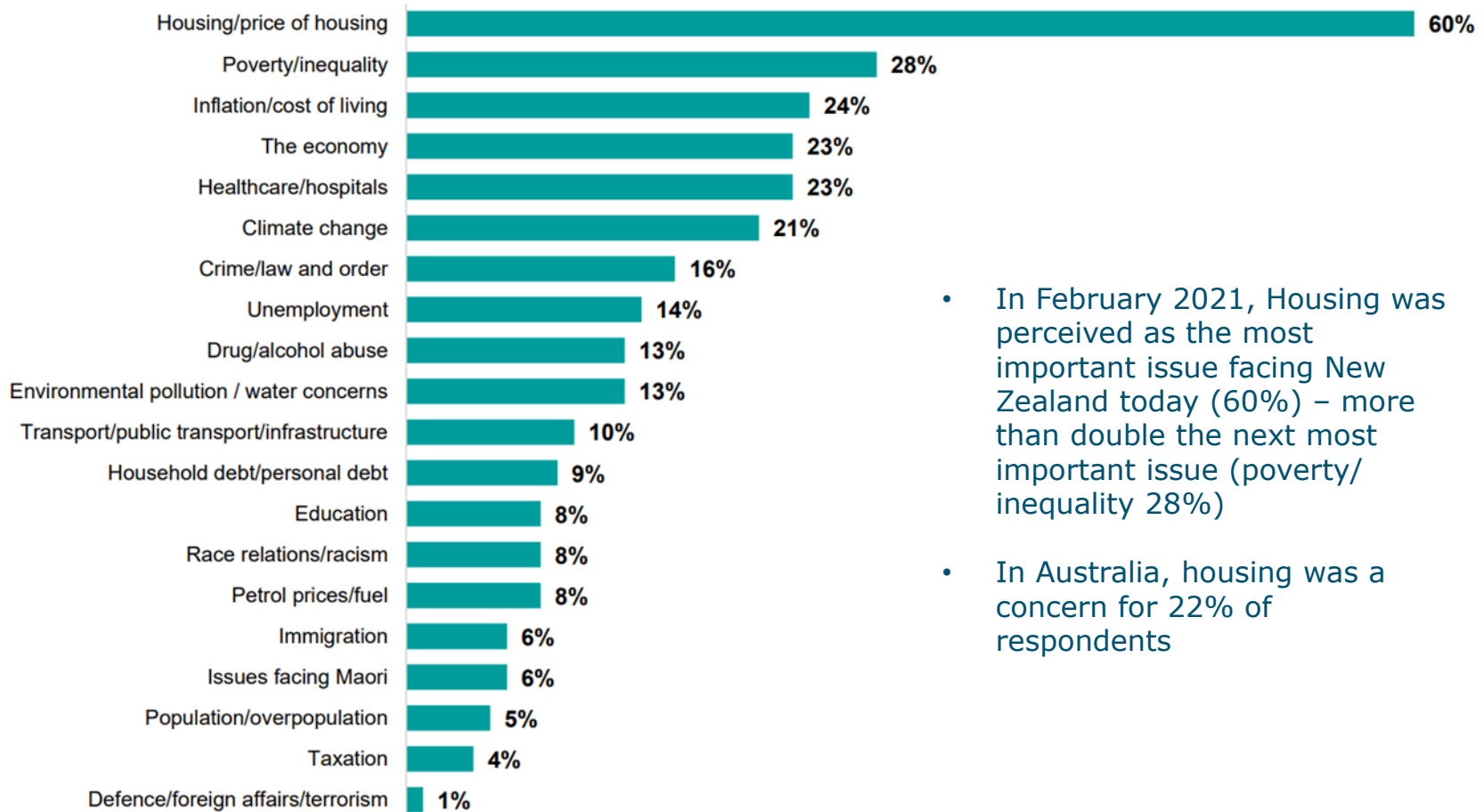




Licensee numbers and complaints

Josh Doherty, REA Head of Regulatory Services

60% say housing is the most important issue facing NZ today



- In February 2021, Housing was perceived as the most important issue facing New Zealand today (60%) – more than double the next most important issue (poverty/inequality 28%)
- In Australia, housing was a concern for 22% of respondents

IPSUS New Zealand issues monitor, February 2021

House prices continue to rise across the country

MEDIAN HOUSE PRICE UP 28% TO \$820,000

Northland	\$700,000	↑ 32,6%
Auckland	\$1,150,000	↑ 25,0%
Waikato	\$736,000	↑ 19,7%
Bay of Plenty	\$840,000	↑ 31,3%
Gisborne	\$605,000	↑ 37,5%
Hawke's Bay	\$701,000	↑ 25,1%
Manawatu/Wanganui	\$580,000	↑ 35,6%
Taranaki	\$580,000	↑ 41,5%
Wellington	\$885,000	↑ 29,2%
Tasman	\$815,000	↑ 25,4%
Nelson	\$691,500	↑ 15,3%
Marlborough	\$705,000	↑ 56,0%
West Coast	\$284,000	↑ 29,1%
Canterbury	\$569,000	↑ 21,1%
Otago	\$651,000	↑ 17,3%
Southland	\$420,000	↑ 23,25
NZ excl. Auckland	\$680,000	
New Zealand	\$820,000	

REINZ House Price Index

New Zealand	29.8% on June 2020	(R)
NZ ex. Auck	33.4% on June 2020	(R)
Auckland	25.4% on June 2020	(R)

New Zealand	0.9% on May 2021	(R)
NZ ex. Auck	1.3% on May 2021	(R)
Auckland	0.3% on May 2021	(R)

(R) RECORD MEDIAN PRICES

REINZ Residential Statistics, June 2021

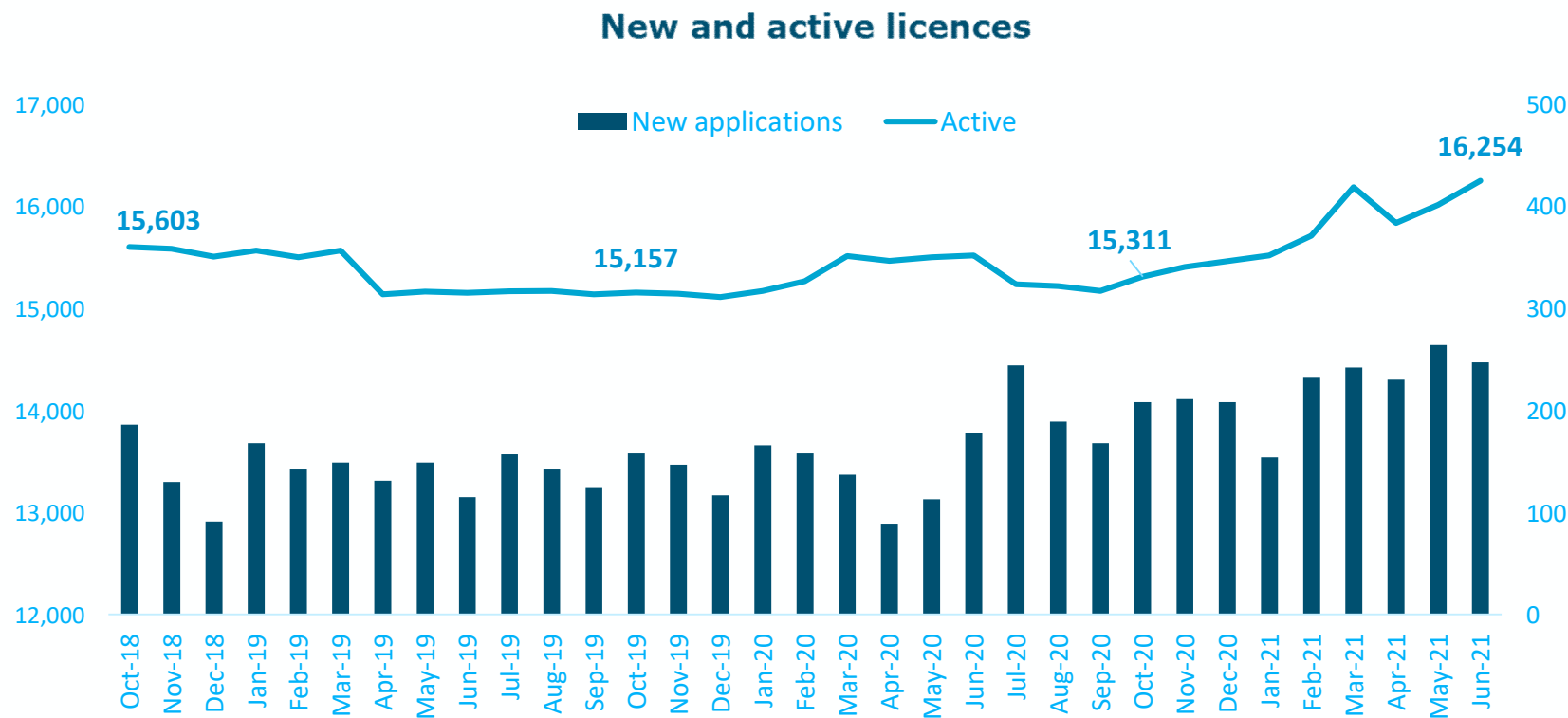
Auckland region trends

	MEDIAN PRICE			VOLUME SOLD		
	Jun-21	May-21	Jun-20	Jun-21	May-21	Jun-20
Auckland City	1,329,000	1,368,000	1,125,000	799	828	711
Franklin District	806,000	822,000	750,000	84	94	99
✦ Manukau City	1,070,000	1,050,000	890,000	666	619	367
North Shore City	1,325,000	1,330,000	1,060,000	411	421	219
Papakura District	804,000	900,000	675,000	154	140	107
✦ Rodney District	1,194,000	1,140,000	910,000	228	278	185
✦ Waitakere City	1,065,000	1,050,000	798,800	424	454	366
Auckland region	1,150,000	1,148,000	920,000	2,766	2,834	2,144

✦ Record median price

REINZ Residential Statistics, June 2021

Licence applications have increased significantly since June 2020



REA issued a record 2,597 new licences during the 2020/21 financial year



Active licensee numbers in Auckland

Our data tell us that New Zealand has **16,254** active licences and approximately **7,224** of these licences operate in Auckland.

It means that **44%** of the active licences are now in Auckland, **84%** of those are salespeople.

Supervision

Supervision is prescribed in the Act

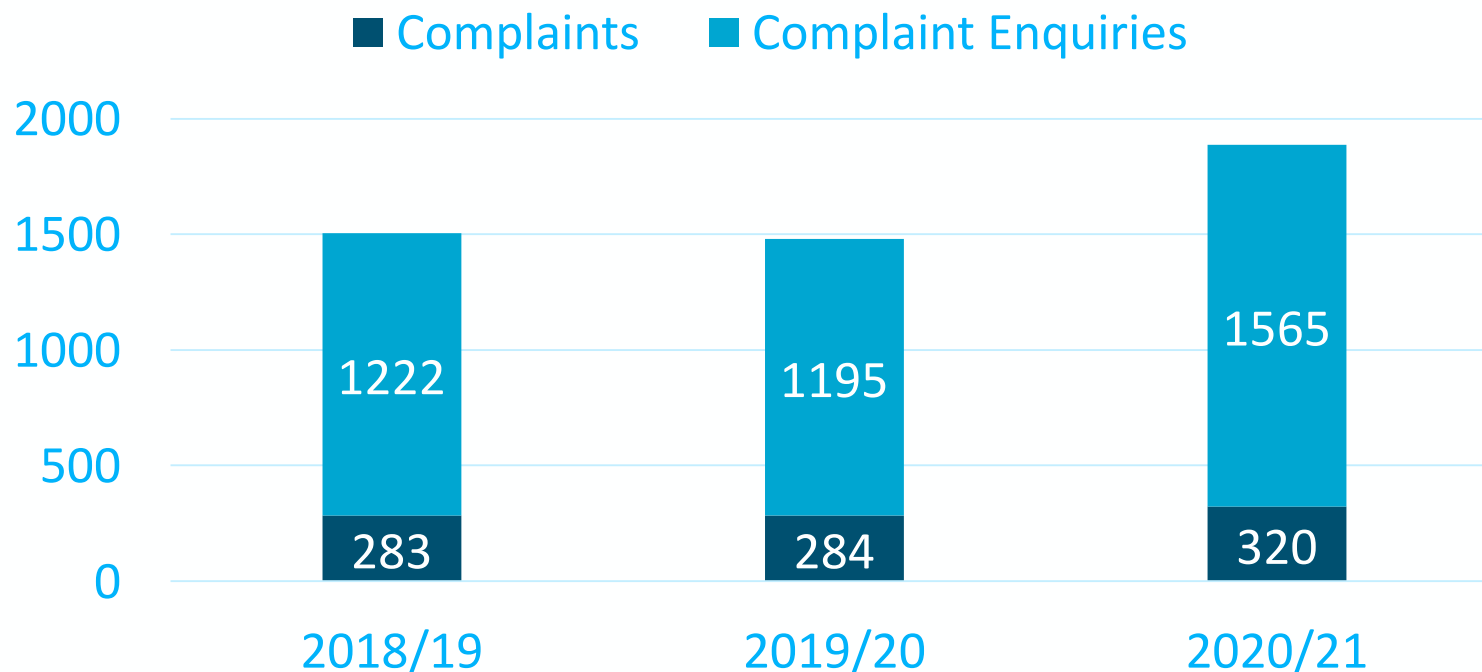
Salespersons must be supervised

- 1) A salesperson must, in carrying out any agency work, be properly supervised and managed by an agent or a branch manager.
- 2) In this section properly supervised and managed means that the agency work is carried out under such direction and control of either a branch manager or an agent as is sufficient to ensure-
 - a) That the work is performed competently; and
 - b) That the work complies with the requirements of this Act.

July 2017 REA released the Professional Standard on Supervision



Enquiries and complaints have increased in the last year



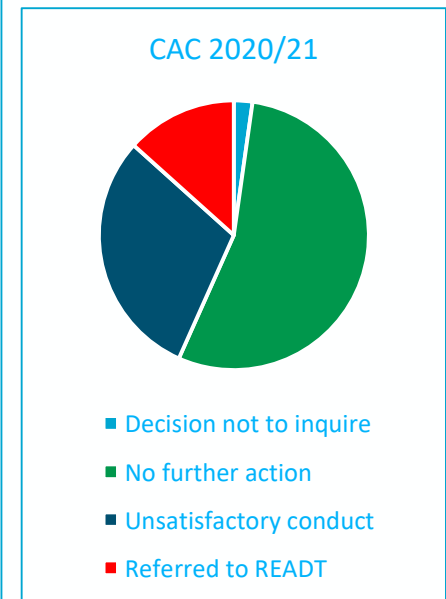
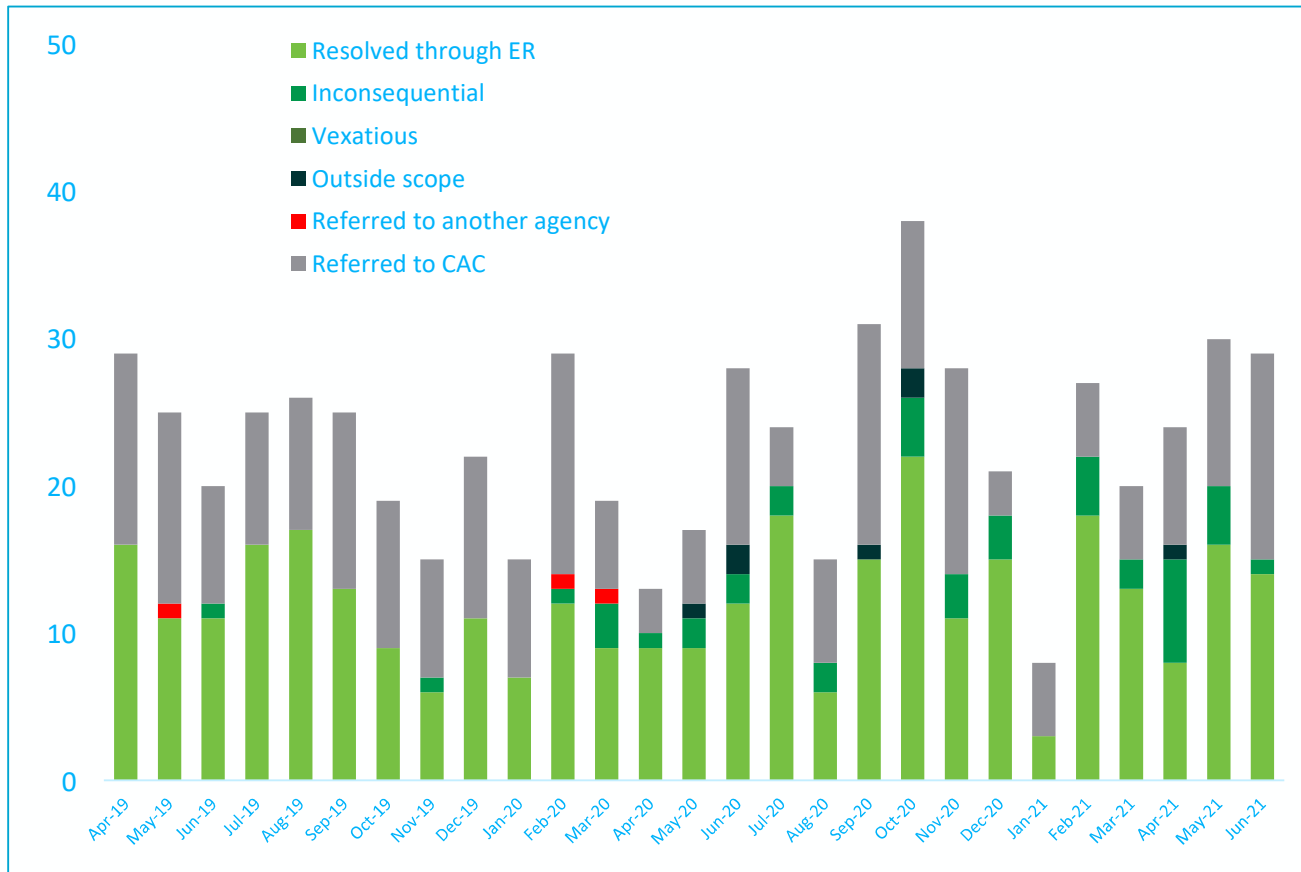


Enquiry and complaints numbers in Auckland

Of the 1,565 enquiries and 320 complaints, approximately **43%** of these were from Auckland.

This aligns to the proportion of licensees.

Number of complaints resolved through early resolution increasing





Complaint themes

Phirak Appleton, REA General Counsel



Top issues raised in complaints

- 1. Licensee conduct:** representations and failure to exercise skills and care
- 2. Fiduciary obligations:** not acting in best interest of vendor
- 3. Disclosure:** Rule 6.4 misleading or withheld information
- 4. Marketing/advertising:** misleading or incorrect details
- 5. Customer service:** lack of licensee professionalism
- 6. Disclosure:** Rule 10.7 failure to disclose defects



Acting in the best interests of the vendor and in fairness to purchasers

[2021] NZREADT 08

- Text message sent to prospective purchasers inviting EOI at price range lower than vendor price expectations
- **Tribunal finding** unsatisfactory conduct – failure to act in best interest of client, misleading prospective purchasers
- **Penalty** Fine \$3000, censure, order to complete unit standard on laws related to consumer protection



Disclosure – Fairness

[2021] NZREADT 32

- Failure to disclose to purchaser neighbouring property had gang connections
- **Licensee obligations** licensee should respond to circumstances of any prospective purchaser
- **Penalty** pending



Disclosure - weathertightness

[2020] NZREADT 08

- Licensee advertised property to be in “excellent condition” despite knowing building report disclosed weathertightness issues
- Resulted in significant cost to purchaser of \$500,000
- **Tribunal finding** misconduct
- **Penalty** Fine \$750
- Disclosure is fundamental to meeting professional standards



REA Board Member – priorities and reflections

Latham Lockwood, REA Board Member



Panel

Latham Lockwood, REA Board Member

Phirak Appleton, REA General Counsel

Josh Doherty, REA Head of Regulatory Services

Nadine Thomas, REA Head of Engagement, Insights and Education



Key take outs

- **REA's refreshed strategy:**
 - protecting consumers from harm and supporting licensees to meet high standards of conduct
 - working across NZ's diverse communities
- **Supervision:** high quality and essential to support salespeople
- **Qualifications:** build the pipeline of branch managers and agents
- **Disclosure:** working together to get it right
- **Consumers:** client and customer interests first
- **Working together:** to understand and respond to drivers of risk in real estate sector



Karakia (to close a meeting)

Unuhia, unuhia

Draw on, draw on,

Unuhia ki te uru tapu nui

Draw on the supreme sacredness

**Kia wātea, kia māmā, te
ngākau, te tinana, te
wairua i te ara takatā**

*To clear, to free the heart, the
body and the spirit of mankind*

**Koia rā e Rongo, whakairia ake
ki runga**

*Rongo, suspended high above us
(i.e. in 'heaven')*

Kia tina! TINA! Hui e! TĀIKI E!

Draw together! Affirm!



**Ngā mihi
Thank you**