

## Financial Review

# How the Property Summit unfolded

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## KEY POINTS

- FIRB intervention is slowing investment, says Virginia Briggs, managing partner at MinterEllison
- There are bigger challenges to the property market than cladding, says CoreLogic CEO Lisa Claes
- You can [sign up to our latest newsletter](#), Inside Property, for a full recap of the Summit  
**5.18pm** – Sep 26, 2019

## That's a wrap

It's shiraz and wagyu o'clock, ladies and gentleman. The Summit has now finished.

Let's look back on some of the biggest moments from our sold out event today:

- Treasurer Josh Frydenberg warned too much red tape in responsible lending will hurt the economy and called on landlords to take it easy on retailers;
- AMP chief economist said he expects an RBA rate cut next week, and shared his love of *The Bachelor*;
- UBS' Tim Church said interest rates will eventually fall to 0.25 which is "as good as ground zero"; and
- Stockland CEO Mark Steinert said ASIC's plan to appeal it's court case against Westpac was "really problematic."

You can [sign up to our latest newsletter](#), Inside Property for a full recap of the day at 9pm tonight. The newsletter will come weekly on Thursday mornings.



Treasurer Josh Frydenberg headlined today's Summit. **Lukas Jarvis**  
**4.56pm** – Sep 26, 2019

## **There are bigger issues than cladding**

Lisa Claes, CEO of CoreLogic International, said she's seen an up-tick in the housing market over the past three months.

"We've certainly seen the early signs of what I'd call a renaissance which certainly doesn't reflect a reluctance at this stage," Ms Claes said.

But Ms Claes said the risk of flammable cladding in high-rise apartments had made buyers skittish.

"We may call it a renaissance but it's certainly not a reformation."

She said affordability in apartments and homes is still a "chronic issue", noting that it takes nine years to save for a deposit, and home buyers are spending an average of 35 per cent of income to service their mortgage.

"Yes, we need to solve cladding issues but we need to solve some more existential issues around housing affordability," Ms Claes said.

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**4.50pm** – Sep 26, 2019

## **Apartment construction**

Larry Schlesinger

Prominent construction lawyer Bronwyn Weir, co-author of the landmark Shergold Weir report into compliance in the building industry, said some people were "horrified" when she said on *Four Corners* she would not buy a new apartment.

But, she said "If we don't have truth about what is going on, we won't get the momentum for government to change policies or for greater scrutiny on the multi-unit or high rise sector."

"Banks have a role to play too," she said, given they funded the construction of these buildings and provided mortgages to buy apartments.

"Media also has a role to play," she said.

4.44pm – Sep 26, 2019

## **Cladding calamity**

Our next panel is discussing monetary easing, policy changes and the overhaul of building laws in the property market.

Ken Morrison, CEO of the Property Council of Australia, Lisa Claes, CEO of CoreLogic International, Ben Burston, chief economist Knight Frank Australia and Bronwyn Weir, director at Weir Legal & Consulting have joined AFR economics correspondent Matthew Cranston on stage.

Mr Cranston has revisited to Ms Weir's comment on ABC's *Four Corners* program on flammable cladding where she said she would not buy an apartment.

"I have to say, I hope it [cladding] has a big impact because there are some real issues with building quality, and it's not just about cladding," she said.

"There is a lack of confidence in the quality of multi-storey residential buildings. Regulatory regimes had not moved with the times in terms of the highrise sector of the country," Ms Weir said.

Mr Morrison said cladding is a "legacy issue" of changing building standards.

"That requires a clear head of response from the governments," Mr Morrison said.

Mr Morrison called for ramped up enforcement and compliance local, state and federal governments over shoddy builds.

"While most people in the industry and most developers are doing the right thing but that's not a universal statement. What are the consequences for cutting corners?"

"Governments have had to be pushed and prodded to take some action here."

4.23pm – Sep 26, 2019

## **Build-to-rent**

Chris Key, managing director of Greystar Australia, remains optimistic about build-to-rent schemes but has acknowledged their development has been slow.

"These things take time. It's not easy to build a new asset class ... It's not an easy job but it takes patience and resilience to just keep pushing through."

Mr Key said he expected to have 3000 build-to-rent units "in the pipeline" by the end of the year.

And if government policies are done right then those with capital will join the party, Mr Key added. In other words, it's a symbiotic relationship; one can't exist without the other.

"I think there's plenty more funding for the sector to continue to grow."

**4.12pm** – Sep 26, 2019

## **Rent help**

Government spending on rental assistance is more cost effective than putting money into building more affordable housing, according to Rod Fehring, CEO of Frasers Property.

"Go do the math, which is the better outcome?" Mr Fehring said.

"No, I don't think the government is going to get involved in building a lot of housing. They'll use CRA [Commonwealth Rent Assistance] as a vehicle."

**4.04pm** – Sep 26, 2019

## **Funding for productivity**

Wendy Hayhurst, CEO of the Community Housing Industry Association, has applauded government funding intervention to stimulate housing affordability, but acknowledge teething problems in the National Rental Affordability Scheme.

"We need long term, stable investment, and the private sector isn't going to give us a free lunch," Ms Hayhurst said.

Ms Hayhurst said government funding in housing productivity will improve economic productivity.

"You put people on low incomes near where the jobs and services are ... they can move into a higher wage band. There are productivity impacts," she said.

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**3.58pm** – Sep 26, 2019

## **The lifeblood of housing affordability**

Our next panel is on affordability and the housing market.

Nathan Dal Bon, CEO of National Housing Finance and Investment Corporation, Rod Fehring, CEO of Frasers Property, Wendy Hayhurst, CEO of the Community Housing Industry Association and Chris Key, managing director of Greystar Australia have joined AFR reporter Su-Lin Tan on stage.

Mr Fehring said a number of social, political and economic factors have made housing less affordable.

Mr Fehring said slow planning approval processes, the responsible lending overhaul and uncertainty in political leadership had contributed to unaffordable housing.

"The blood to the housing sector in terms of housing supply has been affected," Mr Fehring said.

**3.22pm** – Sep 26, 2019

## **Bring on the shiraz**

Stockland CEO Mark Steinert has sided with treasurer Josh Frydenberg's warning that responsible lending shouldn't be too hemmed in.

Mr Steinert said [ASIC's decision to appeal the infamous 'wagu and shiraz' court case](#) it lost against Westpac is "really problematic."

"The judge used very provocative terms talking about fine shiraz - which I like - and wagyu," he said.

"As the treasurer said, *caveat emptor*... We need to allow judgment in lending if we want the capital system to work efficiently," he said.

"We need 180,000 dwellings a year to keep up with demand, and it's not going to happen."

He also said there was "virtually no capacity for mid-tier developers."

**3.15pm** – Sep 26, 2019

## **Two ways out of high debt**

Stockland CEO Mark Steinert is in a one-on-one interview with Robert Harley, former AFR property editor.

Mr Harley has quizzed Mr Steinert on how far he expects interest rates to fall.

"That's a great question. There's a thousand year history of what happens when debt levels get to very high positions. There's only two ways to resolve that. One is deep depressions and the other is slow growth over time," Mr Steinert said.

"In reality, you can see capital is being very deliberately directed out of savings and into long term debt, into what should be more productive parts of the economy."