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SCRAPPING NEGATIVE GEARING WILL WORSEN ALREADY CRITICAL HOUSING CRISIS

The Real Estate Institute of Australia (REIA) has warned that the Greens' demonising stance on negative gearing could prompt investors to abandon the market, ultimately leaving renters with limited options and potentially leading to further rent hikes.

REIA President, Leanne Pilkington said discentivising investment into housing for mum and dad investors will just makes a bad situation worse.

"Adam Bandt's agenda continues to exacerbate Australia's housing issues. Last year, it was rent freezes and controls; this year, it's negative gearing and capital gains tax. With over 2.2 million family investors supplying 97% of rentals, they are part of the solution, not the problem," stated Ms Pilkington.

The REIA urges the Albanese Government to maintain its commitment to refrain from modifying negative gearing and CGT, emphasising the need to focus on increasing housing supply.

"Proposals to phase out negative gearing will primarily benefit large-scale property investors, neglecting the impact on everyday Australians.

"Furthermore, removing incentives like negative gearing will make it harder for renters saving for a home deposit," Ms Pilkington added.

According to REIA, approximately 70% of rental property owners own a single negatively geared property. The repercussions of disincentivising investment include:

1. Renters: Reduced supply could lead to rent increases of up to seven to 12 per cent.
2. State Governments: Decreased stamp duty revenue due to diminished housing supply.
3. Small businesses, including builders: A potential decrease in work opportunities, with 10,000 – 42,000 dwellings potentially shelved.

The REIA has reiterated the urgent need for policy measures that support investment and housing affordability while cautioning against short-sighted solutions that could further strain the housing market.

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Established in 1924, REIA is a federated body of State & Territory Real Estate Institutes representing 85% of Australian real estate agencies. We are a national advocate for the Australian real estate industry which is made up of 46,793 Australian businesses that employs 133,360 Australians.

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