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Media Release

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REIA CAUTIONS ALBANESE GOVERNMENT ON DETERRING HOUSING INVESTMENT

The Real Estate Institute of Australia (REIA) has issued a cautionary note to the Albanese Government regarding its recent tax announcement, expressing concern over the potential ramifications of making housing investment less appealing.

Leanne Pilkington, President of the REIA, voiced apprehension about the Government's decision to increase taxes on foreign investment while reducing application fees for foreign investors in Build to Rent (BTR) projects.

"While foreign investment plays a crucial role in boosting housing availability, the current announcement seems to favor corporate entities by offering tax incentives for properties typically leased at higher rates," said Ms Pilkington.

"Our concern lies in the apparent penalising of individual investors contrasting with the incentivisation of corporations," she added.

Ms Pilkington said existing issues within the BTR model, including instances where corporate landlords have evicted tenants to escalate rental prices, potentially exacerbate housing affordability challenges.

The recent changes outlined in the Mid-Year Economic and Fiscal Outlook include a significant increase in foreign investment fees for established homes and a doubling of vacancy fees for all foreign-owned dwellings purchased since May 9, 2017.

Ms Pilkington acknowledged the Albanese Government's efforts to enhance housing affordability, particularly through initiatives such as the Commonwealth Rent Assistance increase, the Social Housing Accelerator, the New Homes Bonus, and the Housing Australia Future Fund.

"Foreign nationals are typically restricted from purchasing existing properties, with exceptions granted in limited circumstances such as temporary residency. However, the new measures aim to redirect foreign investment towards new properties and ensure compliance with regulations.

"We welcome initiatives that stimulate new housing supply; however, we remain skeptical about the effectiveness of increasing fees for foreign buyers who are major providers of rental housing in Australia.

"The latest ABS figures show building approvals fell by almost 20 per cent over 2023 indicating more needs to be done to stimulate the sector. It's crucial to balance incentives for both individual and corporate investors while ensuring sustainable housing market growth and affordability for all Australians."

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