

## Media Release

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### **INVESTOR EXODUS INTENSIFIES AS RECORD MIGRATION STRAINS HOUSING MARKET**

With ongoing debate around potential changes to negative gearing and capital gains tax concerns are growing around disincentives for property investors. These proposed reforms could accelerate the exodus of investors from an already strained housing market, worsening the supply crisis and pushing affordability further out of reach.

In response to the latest figures released by the Australian Bureau of Statistics (ABS) confirming Australia's record-high migration levels, Real Estate Institute of Australia (REIA) President, Ms Leanne Pilkington, has echoed the frustrations of many in the industry, highlighting the impact on housing affordability exacerbated by the current exodus of investors from most states.

“The lack of adequate housing supply combined with high migration has created an unsustainable situation, leaving Australians—especially renters and first-time buyers struggling to keep up with price hikes and limited availability. These challenges extend to the migrants themselves arriving on our shores but with nowhere to go”.

Ms Pilkington said the net permanent and long-term arrivals from January to August 2024 reached a record 356,940, surpassing last year's intake. Despite this surge in migration, housing approvals are significantly lagging behind. With only 13,991 approvals in August, this equates to just 59% of the number of new arrivals for the same period, deepening the housing shortage.

Ms Pilkington criticised the government for failing to recognise the mismatch between housing approvals and migration intake which is driving inflation and rising housing costs.

Ms Pilkington said that while the value of new investor loans rose 1.4 per cent to \$11.7 billion, 34.2 per cent higher than August 2023, it reflected price growth across the nation rather than a significant influx of new investors into the market.

“The decline in investment loans across most states is alarming, particularly given the ongoing debates about negative gearing and its impact on the property market.

“However, reports of easing rent prices may relieve some immediate pressure. The focus should remain on policies that encourage housing supply as the long-term solution. First-home buyer (FHB) loans have also dipped, so addressing supply shortages and broader cost-of-living issues will be more effective in ensuring sustainable affordability for both FHBs and investors.

"The data points to a growing imbalance, underscoring the need for urgent policy intervention to address housing affordability across the country."



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