



MEDIA RELEASE

Property Data puts pressure on Government Policy

The absence of investors (local and foreign) in the latest property boom has confirmed what the Australian Landlords Association has been predicting and left state and federal governments with a significant political challenge. Without the usual scape goats to vilify for housing affordability issues, they may be forced to admit that their own policies have caused the problem, particularly in the rental markets.

The fact is that various state governments have been misled into skewing the tenancy legislation heavily in favour of the tenants. Victoria was the first to head down this path and is being closely followed by Queensland and NSW. The underlying theme of these changes is to provide the tenants with the rights of ownership without the responsibility of ownership. It is one of the key things that is dramatically increasing the risk of being a landlord, resulting in property owners exiting the long-term rental market.

Two other key factors have been the harsh treatment of landlords during the COVID pandemic. The first is landlords being required to continue to provide a service without payment for up to 12 months. Which also revealed the second factor, a flaw in the legal system relating to interstate landlords who find themselves excluded from the state-based tribunal systems. A flaw introduced by a Federal Court Case in 2019 and known to all states prior to the pandemic, but only adequately addressed by South Australia.

Further to this, several states, again led by Victoria have been increasing land taxes – which in some circumstances has more than doubled in the last two terms of the Andrew's Government. This combined with the increased cost of compliance that is starting to be felt by landlords is not only discouraging new investors, but also seeing existing landlords exiting the market in one of two ways. The first is to change their rental arrangement from long-term rental to short-term rental (e.g., holiday rental). The second is to prepare the property for sale.

Australian Landlords Association President, Andrew Kent says "In the short term expect to see a minor correction in property prices as distressed landlords sell properties that have been locked out of the market due to COVID induced rent and eviction moratoriums. In the longer term expect to see an increased strain on an already stretched rental market as the demand for rental property continues to outstrip supply and rental prices are adjusted to cover the increased costs and risks being imposed on landlords by state governments."

The Australian Landlords Association has released a position paper on this issue (https://www.australianlandlords.com.au/wp-content/uploads/2021/03/ALA-Position-Paper_Safe-as-Houses_4321.pdf) and sent it to state and federal housing ministers. It is hopeful that the various legislation will be adjusted before it causes more pain, not only to Australia's 2 million landlords but also to those tenants that will be unable to find a rental property.