

4 August 2020

## REIQ DEMANDS QLD GOVT PROTECT OUR PROPERTY MARKET NOW

The Real Estate Institute of Queensland (REIQ) is demanding urgent action from the Palaszczuk Government to protect Queensland's property market right now as a new wave of contagion threatens to undo the State's recognised efforts of containing COVID-19 to date.

CEO of the Real Estate Institute of Queensland (REIQ) Antonia Mercorella said the peak body had already made numerous calls on behalf of Queensland's real estate industry for essential temporary measures to help minimise the economic impacts of COVID-19 on the sector. These include a 75% reduction in stamp duty and extending the *First Home Buyers Grant* to established housing.

Following four months of gains to April 2020, property values have fallen nationally by 1.7% following a third consecutive month of declines in July 2020, with CoreLogic's Hedonic Home Value Index dropping 0.6% over the month (following -0.4% in May and a further -0.7% in June<sup>1</sup>).

"Record low interest rates, significant policy support and loan repayment holidays for distressed borrowers coupled with an earlier reopening of the economy and our State's borders have meant the various worst-case scenarios of 20-30% price falls that some economists predicted are unlikely," said Ms. Mercorella. "However, with Queensland's unemployment currently at 7.7%<sup>2</sup>, consumer sentiment down 5.8 points this month (the second largest fall this year) and the latest consumer price index figures plummeting to a record 72-year low, any significant drops in property prices will only adversely affect consumer confidence and further and stymie economic growth.

"A stable property market is critical to Queensland's economy during this unprecedented pandemic recession. What's required is more than token stimulus measures such as land tax liability deferrals, when most Queenslanders are not liable to pay land tax, or limited recovery initiatives such as the *HomeBuilder* grant which outprices many people from qualifying," continued Ms. Mercorella. "A widespread second wave of COVID-19 infections coupled with the potential for renewed border closures and stricter lockdowns will derail Queensland's economic recovery. Timing is everything. That's why we need urgent action now that will have immediate effect."

In order to maintain stability and optimism in the Queensland property market, the REIQ is urgently asking the Queensland State Government to implement:

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<sup>1</sup> CoreLogic Hedonic Home Value Index, August 2020

<sup>2</sup> ABS: 6202.0 - Labour Force, Australia, June 2020

- **A 75% temporary reduction in stamp duty:** A significant short-term reduction in stamp duty payable on property transactions will have a positive effect on market confidence, boost listings (currently down -12.5% YTD<sup>3</sup>), increase buyer/seller activity and real estate transactions (which fell to their lowest levels in April 2020 (-40%) with sales almost 31% lower than this time last year<sup>4</sup>) and boost investor interest which is needed to offset Queensland's extremely tight rental market (currently 1.6%<sup>5</sup>).
- **Extend the *First Home Buyers Grant* to established housing:** First home buyers have experienced a 220.3% increase in the price of new construction over the time period 1995/96 to 2017/18 (while CPI over that time was 69.9% and the mean gross household income increased by 64.7%<sup>6</sup>). By allowing first home buyers to access property beyond new construction it will stimulate economic activity through the introduction of increased numbers to the broader property market and expose them to more affordable price points.

“With the NSW Government temporarily axing stamp duty to help boost economic activity to protect its property sector, it's time our government took similar action,” said Ms. Mercorella. “Particularly when you consider total tax revenue collected across all levels of government increased \$31.234 billion (5.9%) from \$528.60 billion in 2017/18 to \$559.83 billion 2018/19 which included a 7.9% increase in taxes on property (\$2.38 billion<sup>7</sup>) – it demonstrates there's scope for additional measures such as what we're asking to be temporarily implemented to protect our property market.

“Furthermore, these measures will help to protect the jobs of over 50,000 people who directly rely on our State's second largest employment sector for work while continuing to deliver housing across Queensland's thousands of local communities,” added Ms. Mercorella. “As the single biggest purchase in most people's lives, we call on every Member of Parliament to help protect the property market in their electorates and implement these urgent measures to minimise the economic impacts of COVID-19 on Queensland's real estate sector before it's too late.”

**-ENDS-**

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<sup>3</sup> CoreLogic Hedonic Home Value Index, August 2020

<sup>4</sup> CoreLogic Quarterly Economic Review May 2020

<sup>5</sup> SQM Research Quarterly Vacancy Rates July 2020

<sup>6</sup> ABS: 4130.0 - Housing Occupancy and Costs, 2017-18

<sup>7</sup> ABS: 5506.0 - Taxation Revenue, Australia, 2018-19