

5 April 2020

## REIQ URGENTLY CALLS ON STATE GOVT TO PROTECT QLD PROPERTY MARKET

The Real Estate Institute of Queensland (REIQ) is seeking urgent action from the Queensland State Government to assist in maintaining the stability of the Queensland property market in the face of the economic impacts of the coronavirus (COVID-19) pandemic.

“Queensland’s residential real estate sector is worth over \$1 trillion<sup>1</sup> and employs over 50,000 Queenslanders directly with many more employed in associated industries. Activity within the real estate sector contributes in excess of \$30 billion every year to the Queensland Government,” says Antonia Mercorella, CEO of The REIQ. “Protecting and sustaining the Queensland real estate sector is critical to safeguarding our property market and supporting our local economy. In order to do so, strong action needs to be taken.”

The REIQ has proactively developed a set of recommendations and proposed initiatives that will assist in minimising the potential economic impacts of the coronavirus (COVID-19) on the real estate sector. In order to maintain stability and optimism in the Queensland property market during the coronavirus (COVID-19) pandemic, The REIQ is urgently asking the Queensland State Government to:

- a. **Extend the *First Home Buyers Grant* to established housing:** Expanding the *First Home Buyers Grant* beyond new construction will stimulate economic activity through the introduction of increased numbers of first home buyers to the broader property market.
- b. **Implement a 50% reduction in development application costs across all Local Governments and introduce streamlined application processes:** Removing barriers to development and reducing costs will assist to boost construction levels, increase competition and importantly, reduce cost for the end purchaser.
- c. **Deliver a 75% reduction in stamp duty for the period of the coronavirus (COVID-19) pandemic:** A short-term, but significant, reduction in stamp duty payable on property transactions will have a positive effect on confidence within the property market. This, in turn, will offset the predicted drop in real estate transactions expected during the immediate crisis period.

“Lessening the financial burden of stamp duty in particular will lessen the perceived financial risk and act as a significant incentive to purchasers who may otherwise be discouraged from purchasing during this crucial period,” explains Ms. Mercorella. “Similarly, such an initiative would encourage vendors to list their properties during the coronavirus period, buoyed by the likelihood of increased buyer activity.”

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<sup>1</sup> Source RP Data CoreLogic, Oct 2018

In the 18 months following the end of the coronavirus (COVID-19) pandemic, The REIQ are urgently seeking the following further stamp duty related reforms to continue to support and stimulate the property market, which include:

- a. **Removal of stamp duty for persons aged 65+ years:** This will encourage older Queenslanders to move into age-appropriate accommodation by reducing the financial burden of such a move. A likely consequence of this would be greater access to housing stock for younger Queenslanders.
- b. **A 50% reduction in stamp duty where residential investment property purchases are committed to the permanent rental market in Queensland for 3 years or more:** A significant reduction in stamp duty for residential investment properties will have the effect of stimulating property investment in Queensland.
- c. **A 40% reduction in stamp duty for all other residential property purchases:** A significant reduction in stamp duty payable on non-investment residential property purchases will have the effect of instilling confidence into the property market and provide incentive to individuals Australia-wide to consider migration to Queensland.

In calling for a 50% reduction in stamp duty for property purchases committed to the permanent rental market for 3 years or more (b), a natural consequence of the Prime Minister's rental eviction moratorium and similar measure introduced to combat the financial impacts of the coronavirus (COVID-19) is that property investors (current or prospective) are likely to lose confidence in residential real estate as a viable investment option. Queensland has rapidly growing residential rental demand, a situation likely to be exacerbated by the financial impacts of the coronavirus (COVID-19). The combination of increased rental demand and decreased property investment is a looming social time bomb. More than 90% of Queensland residential investment property supply is provided by 'mum and dad' investors who are most likely to be sensitive to increased risk to their property investment returns.

"A significant decrease in stamp duty payable on residential investment properties, qualified by enforceable commitment by investors to making that property available to the permanent rental market, will have the dual effects of stimulating investment confidence and activity," adds Ms. Mercorella. "It will position Queensland as a highly attractive investment market and ensure adequate supply is maintained to meet increasing demand."

To support property owner generally impacted by potential reductions in rental income, and households financially impacted by the coronavirus (COVID-19), The REIQ is also urgently requesting the Queensland State Government to facilitate the following:

- a. Provide a significant reduction or temporary removal of land tax for the period of the coronavirus (COVID-19) pandemic;
- b. Waive local government rates for those who have lost their income as a result of this crisis; and,
- c. Implement a 50% discount on local government rates to assist household budgets and assist in stimulating the Queensland economy.

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Finally, to directly support the real estate profession that provide front line contact with participants in the property market and an invaluable service to property owners, investors and tenants, both commercial and residential, The REIQ is urgently seeking the Queensland State Government to:

- a. Provide a 12-month extension to all existing licence and registration holders in Queensland, commencing 1 May 2020;
- b. Provide Queensland State Government funding to The REIQ to assist it to continue to provide essential resources, training and support to the real estate industry, during the coronavirus (COVID-19) period and beyond; and,
- c. Provide Queensland State Government funding to establish a *Property Think Tank* to identify new initiatives to maintain and regenerate local property markets and create opportunities and jobs within the real estate sector, with the consequential benefit being the continued generation of State Government revenue.

“The REIQ believes that it isn’t enough to put money in people’s pockets during this time; instead, we need maintain confidence in the Queensland property market and assist the real estate sector to ride out this crisis and emerge stronger and more resilient for the benefit of all Queenslanders,” explains Ms. Mercorella. “The REIQ fundamentally believe these relief package measures will keep Queenslanders employed within the State’s second largest employment sector, keep essential services functioning at this critical time, and most importantly accelerate our State economy’s recovery once this crisis has passed.”

**About The REIQ:** The Real Estate Institute of Queensland (REIQ) is the state’s peak professional association for real estate practitioners across the state. The Association’s purpose is to make important contributions to government policy direction, industry research and development, tailored educational programs and training, and the promotion of industry standards.

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