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REIA welcomes SQM Labor Negative Gearing research report

The Real Estate Institute of Australia (REIA) welcomes the release by SQM Research of the report *Labor's Negative Gearing Policy – A Market Update*.

“The report which models The Opposition’s proposal to change negative gearing on property and Capital Gains Tax is a valuable contribution to the public debate,” REIA President Adrian Kelly said.

“The analysis in the report provides evidence of the impacts of the policy, identifies the losers and the extent of their losses.

“The losers are mum and dad investors, home owners, renters, the construction industry, state governments and the economy.

“An additional drop in house prices over and above the current declines of between 5 per cent to 12 per cent on a weighted average for the capital cities for 2020 to 2022, ranging from a drop in Sydney of between 9 per cent and 14 per cent to up to 2 per cent in Adelaide.”

Mr Kelly said rents are expected to increase by between 8 per cent and 15 per cent on a weighted average for the capital cities for 2020 to 2022, ranging from an increase in Brisbane of between 13 per cent and 22 per cent to up to 4 per cent in Darwin.

“This is in contrast to the current situation where we have the lowest annual increase in rents for two decades,” Mr Kelly said.

“Housing construction activity will fall over and above the existing declines that have occurred. SQM Research forecasts the fall in housing construction activity will amount to a 25 per cent to 30 per cent decline from 2019 levels which will have employment and GDP impacts.

“Property sales turnover is forecast to fall by a further 12 per cent to 15 per cent with most of the declines in sales to occur in 2021 resulting in a drop in state stamp duty revenue of approximately \$2.3 billion – money which could be spent on schools, hospitals and roads.

“There are no winners. Even first home buyers will face a faltering economy with lower employment prospects, Mr Kelly concluded.”

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information or to interview REIA President Adrian Kelly please contact Helen Hull at media@reia.com.au or 0419 642 961.