Media
RELEASE

REIA REAL ESTATE INSTITUTE OF AUSTRALIA

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BUDGET 2020: A STRONG BUDGET IF FORECASTS BECOME REALITY

The Real Estate Institute of Australia (REIA) has said that the critical Budget 2020 has provided an encouraging outlook for all players in the Australian property market.

President of REIA, Mr Adrian Kelly, said that despite the challenging and unprecedented events of 2020 with a deficit of $210 billion, Budget 2020 contains some solid support for both real estate agencies and real estate customers.

"Bringing forward and backdating the Stage 2 tax cuts will improve borrowing capacity and housing affordability."

"This comes at a time when the outlook for interest rates will remain low until at least 2023."

"The Australian Governments focus on creating employment and generating reemployment through various Budget measures is welcomed by REIA and is good news for tenants, investors, home owners and those wishing to sell."

"Economic activity is forecast to pick up strongly from late 2020 and into early 2021, driven by a further easing of Covid-19 containment measures and improving business and consumer confidence."

"That being said, we need to be realistic about the challenges the global pandemic and the Budgets forecast may prove to be optimistic given the uncertainty of overcoming of COVID and the re-opening of borders."

Mr Kelly said that Budget 2020 was an opportunity lost in helping more Australian's into their first homes.

"The First Home Buyer Deposit Scheme should be extended to all eligible buyers of all homes, not just new builds. This will be a priority for REIA moving into 2021."

Various small business initiatives have further been welcomed by REIA that assis Australia's property agents directly and indirectly through increased economic activity.

"Pragmatic business level support, such as the reintroduction of the loss carry-back tax provisions, expansion of the instant asset write-off program and exemptions for Fringe Benefits Tax benefit small businesses including estate agencies."

REIA also said that the investment in Budget 2020 supported Australia's regions as well as affordable housing.

“The investment in regional infrastructure is beneficial and will reinforce the growth currently being seen in Australia's regions at the moment as a result of changing demographics driven by the COVID-19 policy and economic response.”

Mr Kelly said that the boost to affordable housing was good news for Australia's tenants requiring somewhere to live.

“COVID-19 has highlighted that the private sector are carrying most of the load to support our tenants and the government-led affordable housing commitment for NHFIC in the form of $1 billion dollars is most welcomed.”

REIA expects that the full impact on the housing market, including trends in regionalisation, remote work and affordability will be in REIAs December Housing Affordability Report (HARs) and Real Estate Market Facts (REMFs).

REIA will also host an exclusive member-only Budget 2020 'real estate roundtable' with the Minister for Housing, the Hon Michael Sukkar on 12 October 2020.

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ENDS

REIA Pre-Budget Recommendations: Budget 2020

Expand the First Home Loan Deposit Scheme to include all first home owners.

Not met, however an additional 10,000 place for new dwellings or new builds included.

Extend First Home Super Saver to include pre-July 2017 extra contributions and earnings.

No change.

Lower the limits of HomeBuilder.

No change.

Extend JobKeeper and JobSeeker for sectors affected in the long term by Covid-19.

Committed to in advance of budget until December 2020/ March 2021. To be reassessed later in the year.

Extension of rental support.

Committed to in advance of budget until March 2021.

Take a leadership role in taking a coordinated and holistic approach of all levels of government in objectively addressing all property taxes.

No change.

Until a coordinated and holistic approach in objectively addressing all property taxes is undertaken that negative gearing and capital gains tax (CGT) on property investments are retained in its current form.

No change to negative gearing.

Minor amendments to CGT for personal granny flat arrangements.