

HOUSING MARKET READY TO BE PUT TO THE TEST IN 2021

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Australia's housing market recorded respectable growth over 2020 and with limited stock and strong demand, 2021 should see further price increases, REIA President Adrian Kelly said.

Mr Kelly said the winding back of Jobkeeper and Jobseeker may see temporary issues for tenants in some capital cities but the trend to relocate to the regional areas currently being experienced is likely to gain further momentum.

"Traditionally there is a reduction in the number of house sales over the holiday period due to buyers going away for the festive period but due to the current restrictions people are taking advantage of the market conditions whilst they are unable to travel and looking to buy while they can," he said.

Mr Kelly said the property sector has been crucial to Australia's economic performance, adding that "Government stimulus measures and continued low interest rates have been, in part responsible for the resilient demand for residential property."

"Even though growth in new dwelling investment is unlikely in the 2020/21 fiscal year, given the lags between building approvals and construction activity, the forecast for dwelling investment has been revised from -4 percent in the Pre-election Economic and Fiscal Outlook to -3.5 per cent in MYEFO," he said.

Mr Kelly said with the possibility of a Federal election being called as early as August 2021 it was critical policy makers make measured commitments for property policy for all players in the real estate industry from first home buyers to investors.

"In May just prior to the 2019 election, house sales were the lowest in two decades across Australia which was largely attributed to election commitments from the Federal Opposition to abolish negative gearing and Capital Gains Tax (CGT) in their current form."

"Given the major role investors played and continue to play in providing housing over the pandemic, it is critical that in the run in to the election that policies from all sides of politics work for all players in real estate."

"Overall, the real estate industry looks forward to a positive year for the Australian property market with the promise of an Australian Covid-19 vaccination program allowing life to resume to a new normal."

"For customers, whatever your objective is for this year, whether you're downsizing, investing or making a lifestyle move – talk to your local agent about your options for 2021."

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