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GREAT BUDGET FOR REAL ESTATE, NOW TO ADVANCE AUSTRALIA'S PROSPERITY

REIA has welcomed the measures in Budget 2022 as a Budget 'for the times'.

REIA President Mr Hayden Groves said Budget 2022 should help constrain runaway inflation and provide the right signal for interest rates and assist challenges to housing affordability.

"With 50,000 new places coming online through the First Home Loan Deposit Scheme this is a most welcome measure.

"This is a \$24 billion commitment in Guarantees that could generate up to \$30 billion in sales activity which will directly assist first home buyers into the market sooner as well as stimulating the economy.

"Setting up Australians into home ownership is a critical measure at this stage of Australia's political and economic cycle and it is applauded by REIA.

"We also welcome the additional allocation of \$2 billion to the National Finance Investment Corporation's mandate to help enable much needed supply of social and affordable housing."

Mr Groves said there are some very good measures that will help the economy however the forecasts for inflation are very conservative at 4.25% for 2022 and then 3% and 2.75% over 2023.

"Even on these forecasts wages growth is very modest over 2022 to 2023 which doesn't augur well for interest rates and housing affordability."

Mr Groves said that Budget 2022 painted an optimistic picture for Australia's immediate future.

"Unemployment is forecast to hit a historical 3.75% low in 2022 - 2023 in a boon for the Australian jobs market.

"Dwelling investment too is forecast to peak at 5% in 2021-22 and grow a further 3.5% in 2022-23 as the Homebuilder program is phased out and supply chain crunches come into play.

"With a lower deficit than anticipated and real GDP figure forecast to grow at 3.5% in 2022 - 2023 this is a strong budget for the times as we emerge from the COVID-19 pandemic."

Mr Groves said Australia needed a strategy for longer term and sustained economic growth.

"Budget 2022 addresses the transitory conditions Australia is experiencing with targeted measures.

"However more needs to be done to improve productivity and real wages rather than just compensation for price increases and taxation reform.

"It is only through sustained economic growth that we will pay for the spending of the last two years, necessary as it was."

Mr Groves said a sizeable skills package should underpin the people of real estate and set up our workforce for the future.

"The 27% of Australian's living in private rentals remain frustrated by our 4,500-property manager shortage as do Australia's real estate agencies.

"Whilst we were disappointed to see the final intake of the very successful Boosting Apprenticeships continued only until the end of June 2022 and we hope the additional \$2.8 billion for the five-year Australian Apprenticeships Incentives Program will be extended to all those who need it in the post-COVID-19 world."

Mr Groves said in order for the Australian real estate sector to continue to underpin Australia's prosperity, the future of housing supply needs to be tackled.

"One of the major areas governments can address housing affordability is to take a leadership role to unlock supply through National Cabinet.

"This is obviously something that needs to be tackled in future Budget cycles with all three tiers of Governments as until this is addressed, the right supply mix within our existing housing stock and new homes affordability is unlikely to improve in the near term."

Mr Groves said overall it was a reassuring Budget 2022 for home ownership and all consumers or aspiring consumers within the property market.

"Pre-Election periods can mean Australians can be reluctant to list their home for sale or rent.

"With a Budget that deals directly with inflationary pressures, contains a moderate outlook for interest rates and supports key investment measures like negative gearing retaining bi-partisan support, Australians should move forward with plans to sell and capitalise on the current strong market conditions.

"A great Budget for home ownership but more needs to be done to set Australia up for future success."

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