

Media Release

19 August 2022

REAL CONCERNS AS DATA REVEALS INVESTMENT PROPERTY OWNERS INTENTIONS IN THE ACT

The Real Estate Institute of the ACT is alarmed at the data emerging from the Hear Our Voice Campaign launched by the Institute on 1 August 2022.

CEO, Michelle Tynan, said that 21% of investment property owners who have emailed their local MLA through the <https://hearourvoice.reiact.com.au/> to advise that the proposed amendments in the Draft Bill – Residential Tenancies Act released on 27 July, would result in the sale of their investment property. 79% of respondents will have to recover the cost of upgrading their property to be compliant with proposed minimum standards through rent increases.

For many investment property owners in the ACT, the cost of remediation and the loss of no cause termination without any new protection provision for owners in the Draft Bill, makes the risk management and sustainability of the investment property untenable.

Currently, there are 43,378 bonds registered with the ACT Bond office, if only 10% of investment property owners make good with their intention to sell, that could mean potentially over 4,300 properties exiting an already critically undersupplied private rental market. The Chief Minister stated in his Budget address that the Canberra residential rental market requires another 5,000 properties to bring the vacancy rate from below 1% to a healthy 3%, so the Institute is questioning what the Attorney General's plan is, should the vacancy rate continue to decline as a result of the proposed legislation.

The release of the independent Pegasus Report on the ACT Budget, only reinforces the Institute's raised concerns. The effect on renters on lower incomes, who are already facing cost of living pressures, will be that they will be unable to compete in the ACT rental market and may result in homelessness for many. ACT Housing already has a waiting list of over 3000 and community housing providers are also feeling the pressure of trying to find suitable properties in the private rental sector.

"The Institute has participated in the consultation process since the beginning of 2020 and was disappointed when none of their recommendations submitted to the ACT Government were included in the new Draft Bill. "The Institute is not against reforms for minimum standards and security of tenancy, however, when policy is made on a data sample size that represents less than 1% of those in the private rental sector, the unintended consequences will only result in very poor outcomes for renters in the ACT" Ms Tynan said.

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