

Understanding the impact of the state budget announcements

112 Respondents

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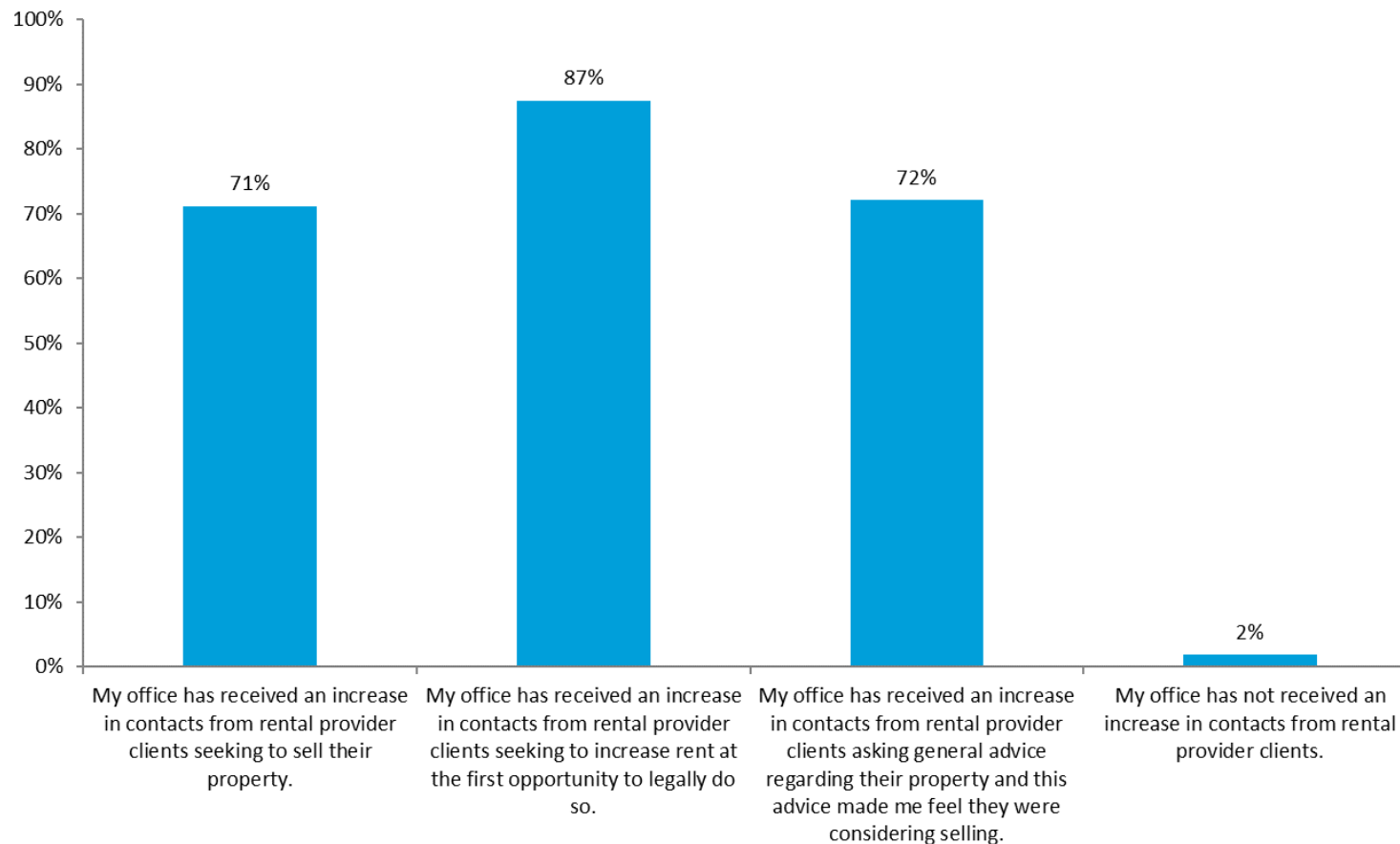


Key feedback

- Over 70 per cent of real estate agencies saw a surge in enquiries from landlords
- Most landlords have raised their concerns regarding land tax increases and further regulation in the market
- Renters are mostly concerned about further increase on their rents and the difficulty of finding a property in current market with low vacancy rates.
- A rapid shift in enquiry level, investors looking to potentially sell is almost 5 times those looking to buy
- More than 80 per cent of responses points to decreasing number of enquiries to purchase an investment property

More than 70 per cent of real estate agencies saw a surge in enquiries from landlords since the government's budget announcement.

The most common enquiry is to increase rents, with nearly 90 per cent of respondents reporting an increase in contacts.

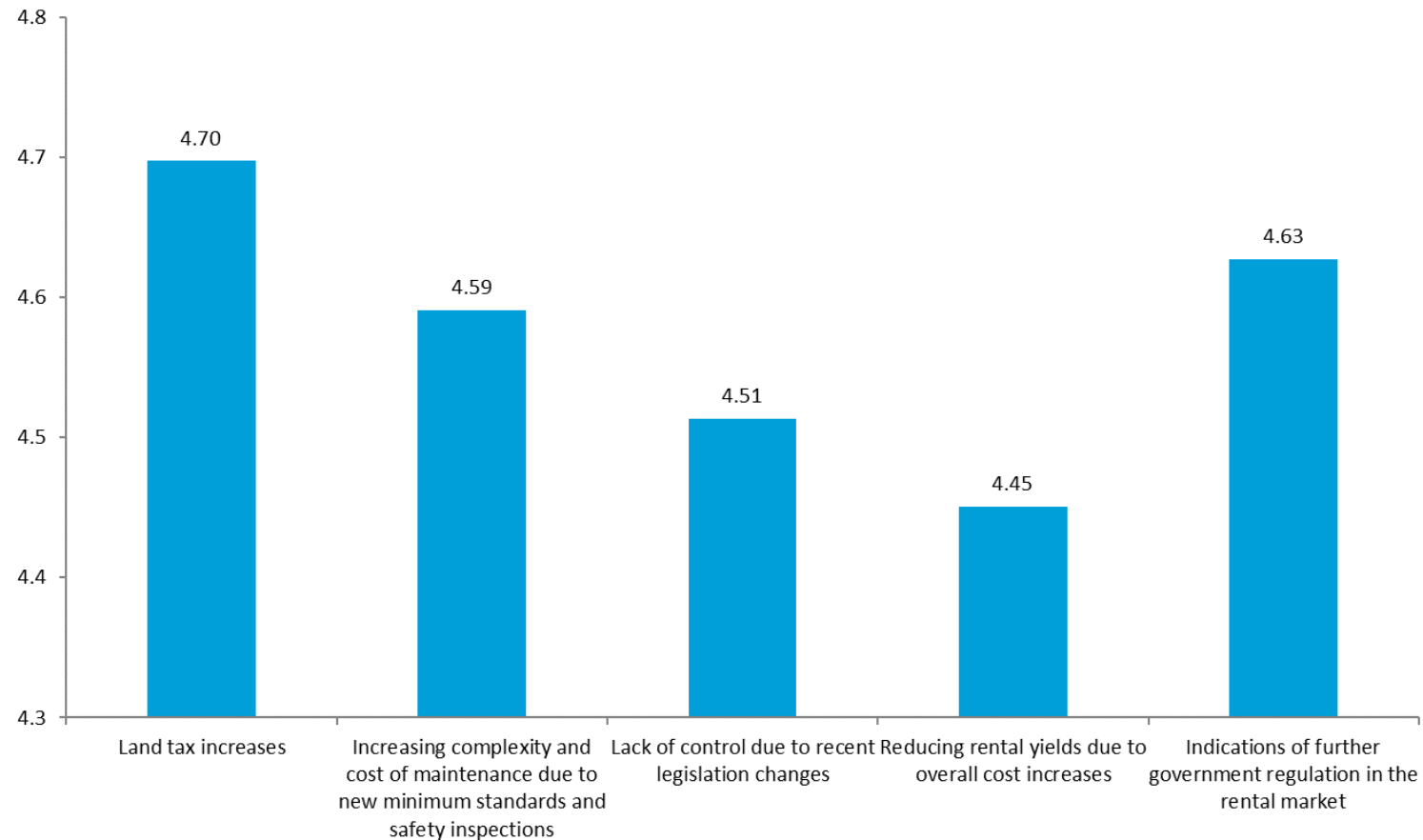


Comments related to recent announcements on the state budget

- “Rental providers are very anxious regarding the investment & own home mortgage stress, new tenancy regulations reducing their control on their own property and the added financial cost on minimum standards and current building act safety compliance. I have multiple calls every day absorbing the rental providers stress in addition to the tenant stress of both my clients.”
- “Some buyers advocacy clients that were already engaged, finance ready and actively seeking property to buy as an investment in Victoria and not currently owning investment property in VIC that we manage, have actually paused services as they are considering buying property interstate due to the uncertainty post the VIC State Budget.”
- “With gas and electrical safety checks, increased interest rates and costs and now land tax, landlords are needing substantial rental increases as compensation and to make ownership commercially viable.”
- “3 owners have signed sale authorities to sell since budget announcement and enquiries from at least 15 others considering selling.”

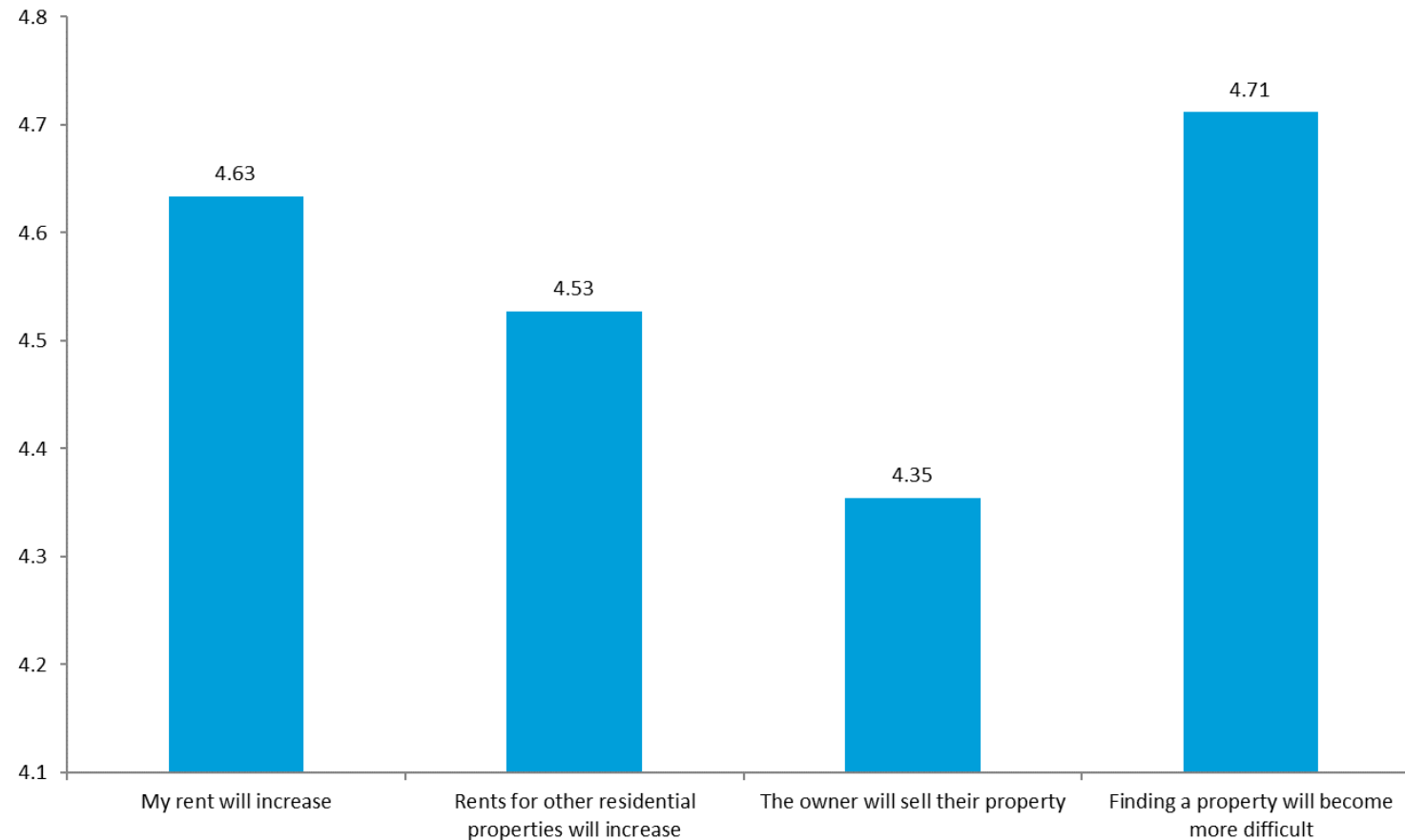
Following the state budget announcements, most landlords have raised their concerns regarding land tax increases and further regulation in the market.

Which ones are the major concerns your rental provider clients are experiencing?
(1 = not at all concerned, 5 = extremely concerned)



Renters are mostly concerned about further increase on their rents and the difficulty of finding a property in current market with low vacancy rates.

Which ones are the major concerns your renter clients are experiencing?
(1 = not at all concerned, 5 = extremely concerned)



Comments related to supply of rental stock

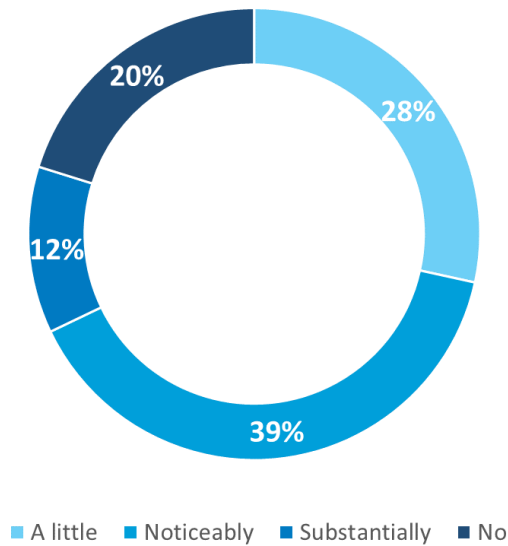
- “20 to 40 applications per property results in homelessness being a high risk, takes much longer to process applications and get approvals.”
- “We are experiencing record number inspections at rental opens and people are getting desperate to find a property.”
- “We have had a sub 1% rental vacancy rate now for several years. It is extremely difficult for some renters to find a home and suspect many will never find a home unless the market drastically changes.”
- “There is limited supply of new rental business - our BDM typically lists 10-15 new businesses per month. Month of May she listed 4! “
- “It is already evident since the budget that some RP's have had enough and decided to sell. It has not been met by an increase in investors, meaning the rental stock will start reducing further.”
- “Rental stock has fluctuated however April was our lowest vacancy ever experienced in 20 years.”
- “We require more stock as the vacancies are filling with in 1-2 weeks.”

The impact of interest rate hikes, state budget announcements on investors.

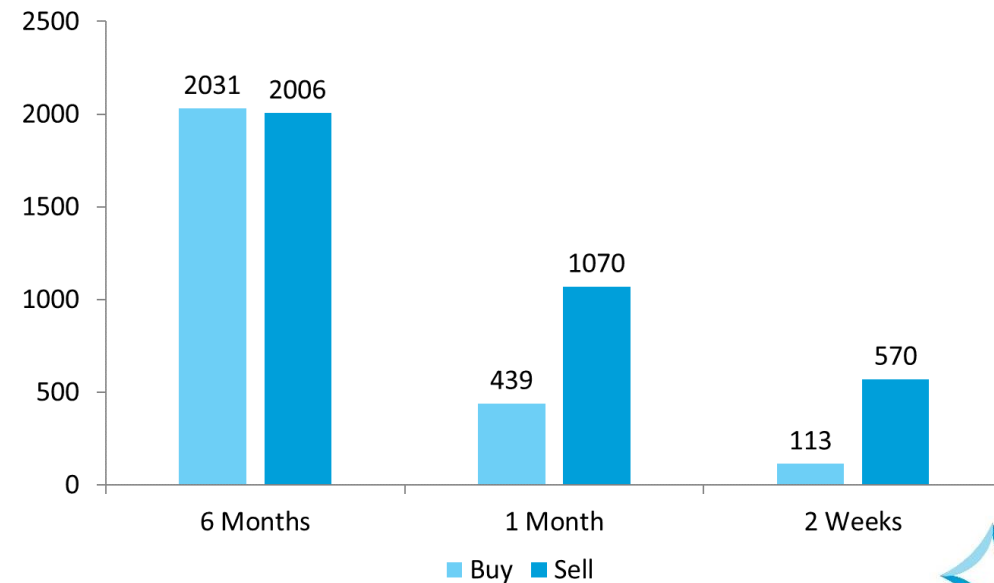
80 per cent of respondents experienced an increase in listing enquiries.

Since the budget announcements in mid-May the number of people enquiring to sell their investment properties is significantly higher than those who are looking to invest – 5:1

Has the level of listing enquiries increased since the announcement of land tax increases?

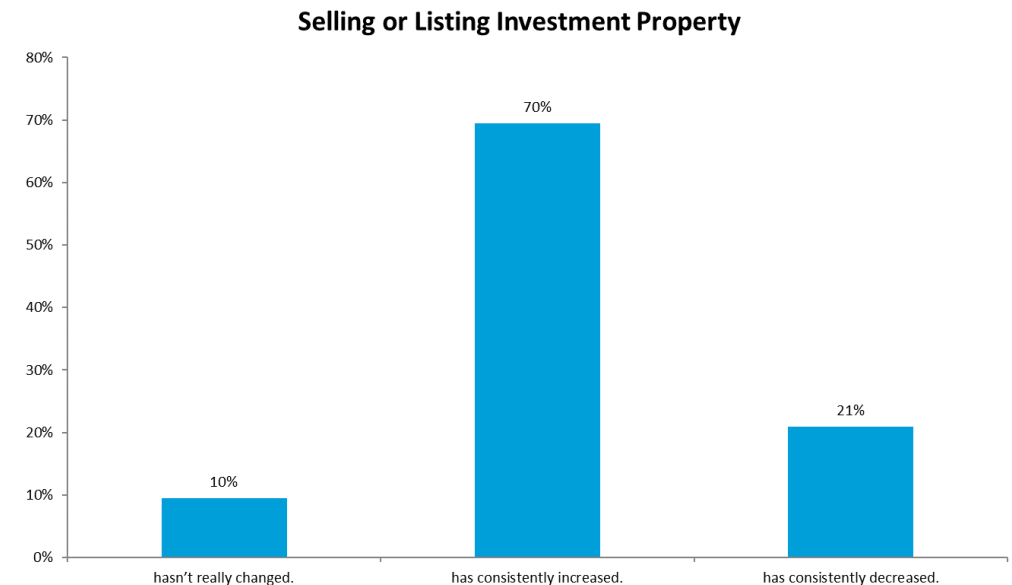
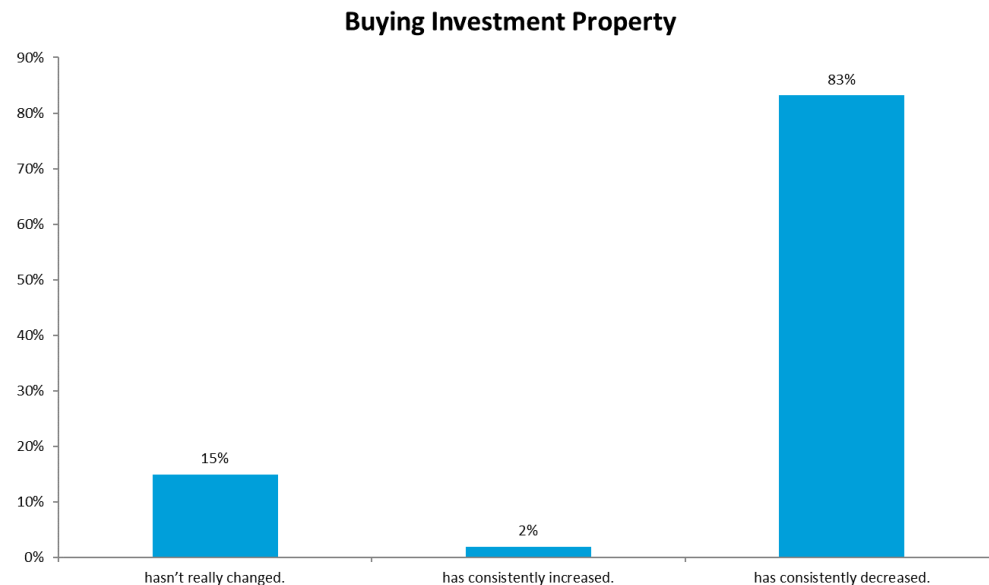


How many enquiries from people looking to buy or sell investment properties over the past...



Since the introduction of the RTA Amendments in 2021, real estate agencies have already witnessed a shift in level of enquiries related to investment

More than 80 per cent of responses point to decreasing number of enquiries to purchase an investment property while 70 per cent of them also saw noticeable increase in landlord enquiries to sell or list their property.



Comments related to agency administration costs to manage changes to the RTA

- “The extra costs to our office in purely administrating the demands of the new RTA changes are considerate - we have employed a staff member to manage it and also taken other staff away from their regular tasks to assist in not only RRP's as to their new obligations and responsibilities getting the compliance but to also advise and educate RRP's on how / what / when to do it.”
- “Huge administrative task since the changes, has placed enormous pressure on department and business and has led to resignations and staff shortages. Huge challenge with Bureaucrats not understanding real life impact on Rent providers, renters and agencies.”
- “The administration of the new compliance requirements has been immense on the business. We estimate that our admin department spends around 30% of their total time just on compliance.”
- “Has added about 30% more work to our property managers workload. They now have to manage less properties to provide effective service.”

Comments related to sourcing and retaining property management staff

- “As a regionally based agency, sourcing staff is a major issue for us. We were forced to restructure our PM department following a resignation as it was impossible to find a property manager. We have increased the wages of remaining staff, but with the declining numbers of the portfolio due to owners selling, the profitability of the PM department has been seriously eroded.”
- “Staff for any agency is a challenge with increased licencing requirements making it difficult to attract new staff to the industry.”
- “We have redesigned our whole business around staff by trying to remove them from the front line of client face communications and pushing them to concentrate on more backend administration works. It appears the vast amount of changes that the government has handed down has directly impacted staff on a mental and physical level, It appears this is common across the industry especially since Covid Lockdown, timing was appalling to implement new legislation at such a time.”

Comments related to issues regarding PM staff leaving

- “Thankfully we haven’t had a lot leave compared to other agencies.... however those that have cite burn out from dealing with all the extra admin re compliance coupled with rental providers not wanting to comply with legislation.”
- “Burn out of Pty Mgt staff is an issue we deal with weekly - the extra demands on them to the point of them almost needing to be lawyers at the moment is ridiculous.”
- “Changes to legislation that required our property managers to enforce new requirements/compliances to both tenants and landlords has resulted in our staff being abused more than ever before.”
- “PM staff leaving because they can find a better paying job elsewhere with less conflict and less regulatory complexity.”

Comments related to changes on VCAT dispute resolution processes

- “Still waiting on VCAT hearings for bonds close to 2 years now. When followed up same answer there is backlog. These hearings could be dealt within 10-minute hearings. Very frustrating for all.”
- “Rent providers having to suffer huge wait times for hearings. EG through covid one tenant did not pay rent and owes over \$30,000 with the hearing still not heard. That property had to be sold once the renter vacated as the owner could not keep their investment.”
- “2 year VCAT wait. Still waiting on a hearing lodged in 2020. Disputes have increased, pre-covid I hadn't been to VCAT in over 3 years, then all of a sudden, a spike in claims.”