PIPA ADVISER

ISSUE #30

For members of the Property Investment Professionals of Australia

DOOMSDAY PROPERTY PREDICTORS

wrong *yet again* as prices rally

PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

PIPA **mission:**

PIPA has been formed by industry practitioners with the objective of representing and raising the professional standards of all operators involved in property investment.

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Investor attacks continuing

Welcome to the 30th edition of the PIPA Adviser – your industry e-magazine.

Since the last edition, our sector has unfortunately been hit with a variety of new attacks on investors – seemingly as a way to reduce rental prices.

From Queensland's retrospective annual rental cap to the Victorian government's new land tax regime and talk of a rental freeze, it's clear that politicians are focusing on populist policies to win votes rather than addressing the main issue – a significant lack of rental property supply.

At the Federal level, we now even have the absurd situation where the Greens are holding up the Housing Australia Future Fund (HAFF) Bill unless the Labor Government somehow convinces every state and territory to implement rental freezes.

Under the policy, a $10 billion fund would be established and invested, with the returns used to build social and affordable housing from 2024-2025 – with a spending cap of $500 million per year.

Thankfully, most State Government's do appear to have a much better understanding of basic economics than the Greens who have even admitted holding up the HAFF is a purely political position.

> "Thankfully, most State Government's do appear to have a much **better understanding of basic economics** than the Greens who have even admitted holding up the HAFF is a **purely political position**.

They clearly do not care about the negative impacts for renters this will cause when, let's be honest, renters are often their main constituents. It's yet another example of political posturing taking precedence over long-term sound policy creation to rectify a critical issue many years in the making already.

PIPA has been publicly representing the interests of members and consumers in each one of these investor strikes and will continue to do so, thanks to your continued support.

In better news, we are only two months away from our inaugural PIPA National Conference and I'm very happy to report that we have sold more than 50 per cent of available tickets. This event will sell out so don't delay if you would like to attend *the* conference for property investment professionals.

We have also begun work on the 2023 PIPA Annual Investor Sentiment Survey, which last year helped to overturn the ludicrous Queensland interstate land tax. Please keep an eye out for the survey in early August and share with your investor networks so we can make it as robust and hard-hitting as last year.

Until next time,

Nicola McDougall

PIPA CHAIR

In the news

PIPA is a regular commentator and expert source in property-related stories across the nation. Below are a selection of articles from recent months. For more articles visit the PIPA website.

reb Real Estate Business

Agents cop soaring landlord calls as Victorian tax hikes flow down

A new study reveals that agents have been flooded with calls from landlords since Victoria's state budget imposed new and increased land tax on investment properties.

Read the article

your investment property

Rate rises and rental reforms see investors flee

Rate rises and red tape is proving too much for many property investors who are packing up and shipping out.

Read the article

mortgagebusiness

Financial inequality remains a barrier to home ownership

Property professionals have cited a concerning pattern of financial inequality that is holding women back from achieving their dreams of home ownership.

Read the article

PIPA welcomes our newest members...

INDIVIDUAL MEMBERS

- MATTHEW SPORN, *Otis Finance*
- IRENE GOMEZ, *Smart Invest*
- NIGEL WATTS, *Niva Property*

CORPORATE MEMBERS

- RYAN GLICK, *Optima Property Advisers*
- TUAN DUONG, *Duo Tax Quantity Surveyors*
- TERRY RYDER, *Hotspotting*
- ANTONY BUCELLO, *National Property Buyers*
- COREY JONES, *Motivate Property Group*

QPIAS

- MATTHEW SPORN, *Otis Finance*
- DAVID HULL, *inSynergy*
- NIGEL WATTS *Niva Property*

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PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

Victoria named worst state in the nation for renters

The highest stamp duty in the country, a new land tax set to slug mum and dad investors, the threat of rent controls, and more than 100 tenancy reforms in two years has resulted in Victoria being named the worst State for renters in the nation, according to a recent press campaign by PIPA and the Property Investors Council of Australia (PICA).

Analysis of new ATO data also shows that the net average annual number of people with rental property incomes has fallen a staggering 55 per cent in five years across the nation.

Analysis of the ATO's Individual Taxation Statistics for 2020-21 found that the average increase in net individual investors every year in the five years to 2015/2016 was about 66,000 nationally.

But, in the five years to 2020/21, this figure had fallen off a cliff to about 29,600 – including a negative result in 2019/20 when investor numbers actually fell by 333.

PICA Chair Ben Kingsley said it's clear the number of net individual investors isn't keeping up with net rental demand and the constant attacks and financial imposts on investors over the past five years in particular has pushed the country into a rental crisis with Victoria the worst of the lot.

"Never in my lifetime would I have thought that a government of the day could be that dumb to consider rental freezes, yet, the Victorian Labor Government is sounding a very clear message to mum and dad property investors – telling them your money is not required in Victoria, even though it has one of the lowest rental vacancy rates in the country," Mr Kingsley said.

> "
> **Never in my lifetime** would I have thought that a government of the day could be that **dumb to consider rental freezes.**
>
> **- Ben Kingsley,** PICA Chair

"Whilst most renters will think this is a welcome short-term relief measure, the chronic shortage of rental properties in this state will remain for years and decades to come, ultimately causing severe economic harm to a state that is already challenged by record levels of debt.

"This will lead to higher rents for longer, as investors choose to invest their money in other states and territories where the suppliers of the majority of rental properties in this country are treated with more respect than they are in Victoria."

PIPA Chair Nicola McDougall said investors had been selling up for years – which had resulted in a critical undersupply of rental properties nationwide – because for many it's just not worth the financial risks nor the constant requirements to fund State Government coffers via higher taxes.

ATO - NUMBER OF INDIVIDUALS WITH RENTAL PROPERTIES INCOMES

Year	Total	Variance #	Variance %
1999/00	1,163,907		
2000/01	1,208,163	44,256	3.80%
2001/02	1,272,238	64,075	5.30%
2002/03	1,331,160	58,922	4.63%
2003/04	1,409,975	78,815	5.92%
2004/05	1,446,508	36,533	2.59%
2005/06	1,501,032	54,524	3.77%
2006/07	1,553,685	52,653	3.51%
2007/08	1,655,048	101,363	6.52%
2008/09	1,635,904	-19,144	-1.16%
2009/10	1,704,220	68,316	4.18%
2010/11	1,765,880	61,660	3.62%
2011/12	1,854,519	88,639	5.02%
2012/13	1,942,339	87,820	4.74%
2013/14	2,010,923	68,584	3.53%
2014/15	2,051,517	40,594	2.02%
2015/16	2,097,382	45,865	2.24%
2016/17	2,156,319	58,937	2.81%
2017/18	2,207,893	51,574	2.39%
2018/19	2,227,174	19,281	0.87%
2019/20	2,226,841	-333	-0.01%
2020/21	2,245,539	18,698	0.84%

2011/12–2015/16: **5 Year Average:** 66,300

2016/17–2020/21: **5 Year Average:** 29,631
Var#: 36,669
Var %: 55.3%

Source: ATO, PICA, PIPA

"PIPA has been warning for nearly a decade about the negative impacts of market intervention on rental markets, starting with the APRA lending restrictions that came into effect in 2015, and now a variety of rent caps or controls," she said.

"The ATO stats don't lie, investors have already deserted markets around the nation – and especially in Victoria and Queensland – because they no longer have control of their assets.

"The negative annual result for investor numbers during the first year of the pandemic was the first time this had occurred since the GFC more than a decade before but is set to happen again sooner rather than later as investors sell up in droves."

Mr Kingsley said the latest investor threat was the Victorian Government allegedly considering rent controls, which will further decimate the state's rental market.

"We've had 12 interest rate increases and this proposed move by the Victorian Labor Government will be the straw that breaks the backs of many property investors," Mr Kingsley said.

"Not being able to recovery some of these costs will mean some mum and dad investors will be forced to sell, and with other budding property investors snubbing Victoria because it's too hard and too costly to hold properties, the story is going to be pretty dire for the state and for all renters living there.

"There is a real risk that the State and its economy is going to become a basket case – like the John Cain/Joan Kirner State Labor government of the late 80s and early 90s – which took almost two decades to turn back around.

"It's clear we have a housing supply issue that's only going to get more challenging with more immigration planned which will result in many overseas migrants choosing to settle in other states and territories because there will literally be nowhere available to rent in Victoria."

Investors desert Queensland, too

Meanwhile new research has shown that the failed Queensland land tax law last year caused long-term damage to that state's fragile rental market.

The MCG Quantity Surveyors research found that the Queensland government's failed attempt to alter land tax calculations has dealt serious and long-term damage to the state's stock of rental properties.

MCG Quantity Surveyors Managing Director Mike Mortlock said his latest client data analysis showed that despite the tax changes ultimately being repealed, their announcement was enough to see investors flee the market in droves.

"We studied of our client's national investment property transactions to determine where investors were buying prior, during, and after the Queensland government's ill-fated changes to land tax were announced last year. The outcome should have every renter fuming at the government," he said.

In June 2022, new legislation was announced that confirmed land tax calculations in the following financial year would be calculated on a property owner's entire Australian portfolio, not just property held in Queensland.

As such, investors would have been paying the state government taxes based on land that was receiving zero benefits from Queensland services.

A concerted campaign against the changes coupled with other state premiers refusing to supply Queensland with ownership records saw the government scrap the changes on 30 September 2022.

"While some may believe that no damage was done during that 98-day period when the changes were a reality, our research shows otherwise," Mr Mortlock said.

The MCG analysis looked at Queensland investment property purchases as a percentage of all Australian sales contracted prior to, during and after those 98 days.

"Prior to the changes, Queensland was the nation's top destination for investors with 40.9 per cent of all investment transactions among our investor cohort – a proportion that had been rising throughout the pandemic," he said.

"As soon as the changes were confirmed that figure dropped to 33.6 per cent of transactions, which is a 7.3 basis point fall – or a drop of 17.8 per cent – on the pre-legislation proportion."

"Our research shows investors are **embracing long-distance investing** – so they'll **happily invest elsewhere** when legislative changes are piled against them.

- Mike Mortlock, Managing Director of MCG Quantity Surveyors

Despite the tax being repealed a short time later, the rot had set in, according to our analysis.

"After rescinding the legislation, Queensland only bounced back to 34.73 per cent of all investment property transactions," Mr Mortlock said.

"That's a modest rebound in investor activity and is still a long way off the greater than 40 per cent result we saw prior to the announcement."

The analysis shows Western Australia was the big beneficiary of Queensland's land tax legislation debacle with the proportion of Aussie investors buying in WA almost doubling when the legislation changes were a reality – and only retreated slightly since the changes were shelved.

Mr Mortlock said there are several reasons investors were able to quickly exit the market.

"Our research shows investors are embracing long-distance investing – so they'll happily invest elsewhere when legislative changes are piled against them," he said.

"The data shows investors have become highly mobile and more discerning about where they buy. If one jurisdiction takes an anti-investor stance, they will simply choose to put their money elsewhere.

"Investors are also disturbed by anti-investor law changes that are so readily implemented by governments.

"As such, I expect jurisdictions like Queensland – which seem so ready to introduce anti-landlord/ pro-tenant/high-tax legislation to feel the sting of further reduced investor participation."

Mr Mortlock said the blame falls squarely at the feet of the Queensland government.

"Anyone who believes that there's no long-term damage caused by announcing poor policy to gauge the voting public's response needs to rethink their position," he said.

"An ongoing campaign – including threats of higher taxes, more restrictive anti-landlord legislation and even rent freezes – are decimating housing supply and amplifying homelessness."

"The Queensland Council of Social Service (QCOSS) report released in March found the number of homeless people in Queensland had jumped more than 20 per cent in five years – almost triple the increase nationally.

"Meanwhile the Brisbane rental vacancy rate continues to hover around historic lows of approximately one per cent," Mr Mortlock said.

"This sort of 'policy on the run' has done irreparable damage to the state's rental supply, with tenants hurt most by their actions.

"Governments across all tiers need to engage with landlords to find mutually beneficial solutions to the housing crisis.

"If they continue to pander only to special interest tenant groups who appear to have no understanding of the demand/ supply equation, then I see no end in sight for this rental crisis."

Doomsday property predictors wrong yet again as prices rally

Contrary to the plethora of poor property forecasters who predicted significant property price falls, market conditions continue to be solid in the face of the low supply of sales listings around the nation.

The double-digit annual price falls simply did not materialise – even with the most rapid increase in interest rates in a generation.

Of course, part of the reason why prices have been strengthening is the significant number of overseas migrants – some half a million seemingly – who have landed on our shores within the past year, which is also causing rental markets to continue to struggle with a critical undersupply of stock.

Australian housing values moved through a fourth month of recovery with CoreLogic's national Home Value Index (HVI) rising 1.1 per cent in June, decelerating slightly from the 1.2 per cent gain recorded in May.

Since finding a floor in February, the national measure of housing values has gained 3.4 per cent, however, the market remains six per cent below peak levels recorded in April 2022. That is the equivalent of the median dwelling value still being -$45,771 below a peak of $768,777, according to CoreLogic.

"A lack of available supply continues to be the main factor keeping upwards pressure on housing values," CoreLogic Research Director Tim Lawless said.

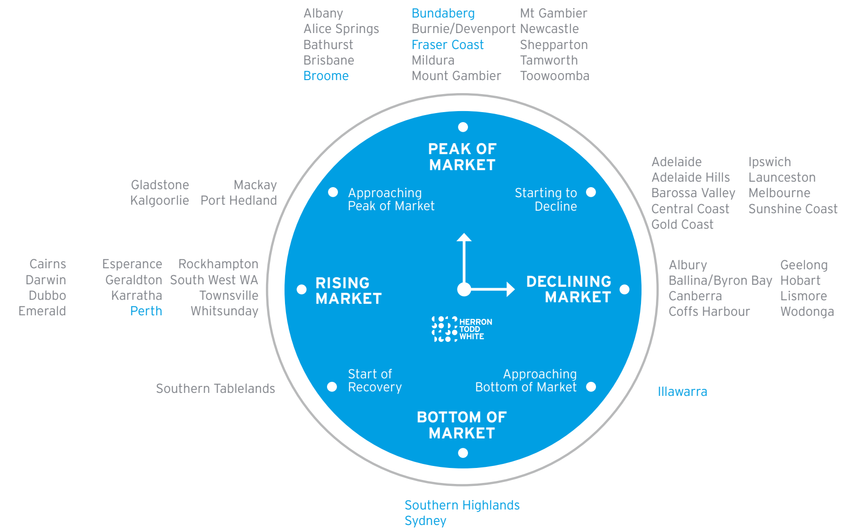
"Through June, the flow of new capital city listings was nearly 10 per cent below the previous five-year average and total inventory levels are more than a quarter below average. Simultaneously, our June quarter estimate of capital city sales has increased to be 2.1% above the previous five-year average."

National Property Clock: Houses

Entries coloured orange indicate positional change from last month.

National Property Clock: Units

Entries coloured blue indicate positional change from last month.



NSW

Victor Kumar,
Founder and Director, Right Property Group

-3.1%

reduction in construction (or circa $2 billion) in 2023, with the declining trend continuing in 2024.

Despite expectations to the contrary, the New South Wales housing market has been quite resilient, proving yet again how wrong the doomsayers can be when trying to predict the largest and arguably the most stable market in the country.

Despite rapid rate rises, and the so-called mortgage cliff(s), the market has carved itself into three distinct categories – the affordable, below $1.5 million corridors; the above $1.5 million areas; and the regionals.

The everchanging landscape and dynamics is influenced by various factors such as economic conditions (read end of fixed rates and inflation), government policies, buyer preferences, and affordability. Compound that with a strong immigration factor, and we have a stabilisation of value despite the negative economic and affordability outlook.

Selling agents that were expecting a whole raft of properties to hit the market, as they report fielding increasing calls for market appraisals, are still to bring these properties on the market.

Owners struggle to rationalise selling their properties, as they cannot qualify for a new loan at the same or higher level under the current lending constraints, and renting is also a struggle, with a strong shortage in most areas.

Construction starts are still, year on year, quite low, which will serve as a great buffer to the potentially softening prices, forcing to keep the price and rent trends still in an upward trajectory.

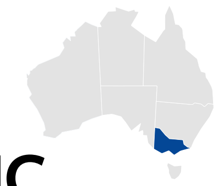
In fact, the recent Master Builders Australia forecast shows a significant reduction (-3.1 per cent or circa $2 billion) in 2023, with the declining trend continuing in 2024, after the initial upswing in building starts in 2021 and 2022.

Diving deeper into these stats paint an even grimmer picture, which is perhaps beyond the scope of this update.

So, with all these moving parts, and conflicting data, especially when the data will also have to be seasonally adjusted for the new financial year traditional traders, the spring season sellers and the genuine "can't hold on any mores", where does the market really stand?

From March to June, the NSW market has exhibited resilience, but I believe the true tell will come once more stock comes onto the market, which may lead to copy-cat sellers rushing to the market.

"We have a stabilisation of value despite the **negative economic** and **affordability outlook**.



VIC

Miriam Sandkuhler,
CEO and Buyers Agent, Property Mavens

June proved to be a month of contrasts in the Victorian property market. The month started with talk of a fast rebound until the RBA spoiled the party with yet another rate rise.

You can see the impact in Melbourne auctions with clearance rates bouncing around between a relatively high range of 75% to 79% to the more moderate 65% to 73% range.

CoreLogic's data shows inner city areas with more "investor listings" – based on the rental history of properties – recording stronger activity than others.

What we witnessed is these suburbs are also benefitting from strong demand from first home buyers. Many of these young buyers have been spooked by talk of never-ending rent rises and decided to try and enter the affordable end of the market.

While the outlook for interest rates remains uncertain, we can expect to see demand for affordable property flow through to suburbs with relatively low house prices, like Maidstone ($826,500), West Footscray ($900,000) and Maribyrnong ($928,500) amongst others.

> June proved to be a **month of contrasts** in the Victorian property market.

It's been a little quiet in the winter in Melbourne's inner ring, but we are seeing solid demand in bayside areas. Well positioned, two-bedroom units in suburbs like Elsternwick and Hampton have seen some good results as have three-bedroom family homes in Bentleigh and Moorabbin.

The other areas which have been performing well are in the north east, think suburbs Viewbank and Macleod, and the northwest in suburbs like Keilor East.

The "Peninsula" south of Melbourne is continuing its strong run with several areas doubling in price over the last three years.

Much of the demand is coming from buyers cashing in on Melbourne prices and buying up in districts like Red Hill and Somers, along with areas closer to the city like Mt Eliza. Unit prices on the Peninsula have also been on the move.

We've also seen some stand out results in Geelong recently with a few million dollar plus sales.

While a little uncertainty remains, our team are reporting agents are telling them there will be are plenty of opportunities for buyers in spring. Buyers, though, should get some professional advice and stick to investment-grade properties.

QLD

Meighan Wells
Founder, Property Pursuit Advisors

Read any media publication and you will be told the Brisbane property market is cooling. I'm calling BS.

First and foremost, anyone with more than five minutes' experience in the industry knows there is no "Brisbane property market". Just as there is no Australian property market.

Yes, prices for cookie-cutter, oversupplied investor stock and low-grade properties are taking a hit. They had to. The investment fundamentals for these properties were never there but FOMO raised their attractiveness and artificially inflated their prices.

But remove that rubbish from the mix and we've got a pretty big issue with under-supply and an increasing level of demand.

At the heart of it, the Brisbane LGA is still severely undersupplied in certain locations for specific property types and demand is not abating. In my 20-plus years in the industry I've not seen supply so low. Remember I am talking about quality property in the Brisbane LGA.

How have we got to this point? Years of short-term knee-jerk poor policy and amazing weather. Yes, I jest but, in all seriousness, people have been flocking to Queensland over the past two and a half years and no one is leaving.

> We've got a pretty big issue with **under-supply** and an increasing level of **demand**.

Pre-COVID, population fluctuations were common – people would come, and people would go. One of the common reasons for departure was to seek higher paying job opportunities interstate or overseas.

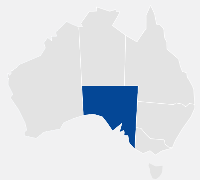
But with the ability to secure well-paying corporate jobs that have work from home, or hybrid arrangements, the requirement to relocate away from the Sunshine State has disappeared.

The challenge for quality established housing supply is that no-one is selling until they can buy something else. But no-one is leaving. We now have a bottle neck of owners who won't sell until they can buy but can't find anything to buy until someone leaves. And no-one is leaving! And around and around it goes.

Our lead buyer's agent, Nathan Wunsch, lined up to register for an auction on Wednesday night to bid for a local buyer – he and about 15 other bidders. A reasonable appraisal was $1.1 million but it sold under the hammer for an eye-watering $1.25 million.

That is feet on the ground, real life experience. It certainly isn't indicative of a softening market that is based on a wrapped up median price. That is an undersupplied highly competitive market that is under pressure from strong population growth and poor policy over the long term.

If you are an owner, enjoy the ride. But if you are a buyer, you are still facing tough times.



SA

Katherine Skinner
Director, National Property Buyers

The South Australian and Adelaide property market is still on its upward trajectory as it continues to see month on month growth with a further 0.9% increase in home values as at 31st May. This is the second consecutive month of value increase we have seen in the Adelaide market, which is showing no signs of wavering.

With a 1.1% total growth over the past quarter, we are anticipating this number to rise when new figures are released in July. This is driven by the significant shortage in stock levels across the market, which is sitting at a 6% decrease from this time last year, and to put in perspective, is a total of 54.6% lower stock than in the same quarter 2019 pre-COVID in what we would deem a "normal market".

This downturn in quality stock has placed upward pressure on home values as demand is still high despite the RBA's interest rate rises thus far. We aren't anticipating a sharp shift in this trend in the short-term, if interest rates continue moving north, we would expect to see an increase in supply, albeit being somewhat insignificant compared to pre-COVID levels.

We are in a unique situation in SA, where home owners aren't selling their homes prior to securing a new home, and with the limited number of properties hitting the market, it means many are sitting tight for now. This is putting added pressure on the already tight rental market with vacancy rates sitting at a low 0.3% across the state.

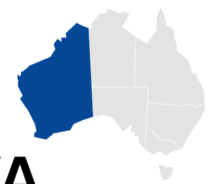
With rents increasing an average of 13% in the past 12 months, people are feeling the pinch as they compete for the limited number of rentals available each week.

On the ground, we continue to see strong auction results in many locations across the metropolitan area with clearance rates sitting at 69%, which is the highest across the country last week.

Strong activity is being felt in all areas with investors, home buyers and developers still out in force looking to capitalise on the growing market while still seeing great value in affordability with Adelaide being the third most affordable capital city behind Darwin and Perth currently.

Combined with strong rental yields supported by the low vacancy rates, this is holding investors in good stead for ongoing performance and providing them with the confidence to press forward with a property purchase in the current market.

> "This downturn in quality stock has placed **upward pressure on home values**.



WA

Terry Ryder
Director, Hotspotting

The status of Perth and Western Australia as the leading market jurisdiction in the nation was confirmed by the Winter 2023 edition of The Price Predictor Index – a Hotspotting report which ranks locations according to their trends with sales activity rather than prices.

Although Sydney is grabbing the headlines nationally for rising prices, the smaller cities and their regional areas are the national leaders on market activity. Western Australia, South Australia and Tasmania – headed by their capital cities Perth, Adelaide and Hobart – are the jurisdictions with the strongest market pulses.

Perth and Regional WA have continued to deliver more areas with rising sales activity than anywhere else in the nation and Perth continues to be the nation's strongest market.

Seven out of 10 suburbs had positive rankings in our latest report, an improvement on the previous quarterly survey. The cheaper markets are the strongest although there is growth to be found across all market sectors.

11.5%

increase in Perth's house price index in the 12 months to May 202.

SQM Research

> "Perth and Regional WA have continued to deliver more areas with **rising sales activity** than anywhere else .

Perth has maintained its status as undoubtedly the nation's busiest and most buoyant property market. Its situation has strengthened since our Autumn 2023 report three months ago, with more locations with positive sales activity trends and fewer suburbs with weak numbers.

Perth's strong sales activity record has maintained upward pressure on prices. SQM Research recorded an 11.5% increase in Perth's house price index in the 12 months to May 2023.

Regional WA is following Perth's lead. Mandurah, which previously appeared to have passed its peak, has had a resurgence, while Bunbury, Geraldton and Mundaring all also having solid markets.

The report featured our National Top 10 municipalities, which included four in WA – Canning, Gosnells, Stirling, and Mandurah – with the City of Gosnells winning our vote as "The National Growth Star".

It may not be fashionable and it's certainly not upmarket, but the Gosnells is a standout for attracting strong buyer demand – because it offers affordability in an area with good amenities. In simple terms, it's what the mainstream buyer is looking for, whether they're home-buyers or investors.

Of the nine Gosnells suburbs in our analysis, eight have positive rankings (four rising, three consistency and one recovering). Most of these locations have median house prices in the $300,000s and $400,000s, providing a level of affordability that Melbourne and Sydney residents can only dream about – and it's attracting investors from the eastern states in large numbers.

TAS

Simon Pressley
Head of Research, Propertyology

One of the longest property market growth cycles ever experienced by Australian cities ended in Hobart in past two years. It was buyer fatigue more so than fundamentals that applied the brakes.

Bearing in mind that it was Tasmania's strong economy that drove the real estate growth, the outlook for its economy remains solid.

Demand for the state's world class agriculture, numerous unique tourism experiences and education are staples which will continue to underpin the economy.

Moving forward, demand for housing will be supported by economic growth coming from infrastructure investment, some massive renewable energy projects, a few government facilities, transport infrastructure along with game-changing investment in stadiums and entertainment precincts.

In the state's north-west, there's a $50 million new university campus at Burnie, a technology and innovation hub, JMC Group's new CBD hotel, and Supto's $20 million dairy manufacturing plant.

The proposed $5.4 billion investment in two of Australia's biggest renewable energy projects (Robbins Island wind farm and Marinus Link cable across Bass Strait) is unprecedented revenue for a community the size of Burnie.

> "Demand for housing will be supported by **economic growth**.

The state's biggest-ever road infrastructure project, the $770 million Bridgewater Bridge, is now under way. Other Hobart projects include doubling the capacity of Australia's 9th busiest airport, UTAS projects include a $400 million STEM hub plus a $130 million commerce hub in the CBD, and Nystar is investing $350 million into a new zinc plant.

I personally believe that the recent funding announcement of the $750+ million development of a world class stadium with a roof, underpinning Tasmania entering a team in the AFL competition, will prove to be the most significant infrastructure project in the state's history. The somewhat controversial project relates to much more than just a football team.

In the state's north, projects in the Australia's fourth oldest city include a $344 million development of a new Launceston university. This facility is adjacent to UTAS Stadium, which is also slated for a $208 million redevelopment. There is $270 million being invested into a new correction facility at Westbury, upgrades to the Launceston hospital, $75 million on highways, JAC Group's Gorge hotel project and plans to repurpose the former university site in the northern suburb of Newman.

While current buyer activity volumes are underwhelming, housing supply across Tasmania remains low. With the economic outlook being so positive, the fundamentals for the treasure trove down under remain very solid.

Designs of what Hobart's new AFL stadium at Macquarie Point could look like. (Supplied: AFL)

Colin Lee – Inspire Realty

Colin Lee established Inspire Realty in 2020 and has already helped more than 300 people improve their financial futures.

Q Can you please tell us more about your business, Inspire Realty?

Inspire Realty is an award-winning property advisory and buyer's agency, helping our clients invest with confidence to secure wealth for their future.

Our vision is to be the most trusted and respected property investment services company in Australia helping our clients build a better future together.

With over 15 years of experience in the property and finance industry, and an active property investor myself, I have assisted over 300-plus individuals and families in strategising, financing, managing and consolidating their property portfolios.

I lead a team of passionate and purpose filled buyers' agents with over 25 years combined experience to collaborate and create strategic property investment plans together, bespoke to our clients' goals and dreams.

We are also certified and qualified property investment advisers with the Property Investment Professionals of Australia (PIPA), a member of the Property Investment Council of Australia (PICA) and a member of the Real Estate Institute of New South Wales (REINSW).

Our circular business model makes us a multi-generational service provider, managing property from its purchase through to when the next generation inherits it. As a result, of the hundreds of people we've coached to invest over $50M-plus in property portfolios, they tend to tell others about us.

Most importantly, we have helped so many people who had no to little idea about property begin and grow their investment portfolios. Part of our mission is to educate and help our next generation of new investors, invest and not struggle or squander, we have done hundreds of consultations and presentations and made a direct measurable impact on countless lives. Our aim is to help generations of Australians become financially secure and in charge of their futures.

> "My professional journey has been unique, **encompassing various roles and learnings** that culminate in my passion for helping others.

Q How long have you been a property investment professional and what were your pathways into the profession (incl. other careers)? Also, please tell us a little about your own personal property investment history?

My professional journey has been unique, encompassing various roles and learnings that culminate in my passion for helping others. Starting as a math tutor, I discovered the importance of persistence, patience, and problem solving. I took on a second job as a waiter at the same time just to make ends meet.

My parents initially encouraged me to invest in real estate, offering to match whatever I saved towards my first property, and taught me about investing wisely into assets that appreciate over time. I had $5,000 and saved another $20,000 in the next nine months. My mum lent him the other $25,000 and I bought my first property.

In 2004, I started an educational business at the time while developing my skills. In 2011, I played 'Cashflow Quadrant'; with a friend, a fellow immigrant to Australia, who shared his story about how his family worked hard and built a successful property portfolio. His story inspired me, and I made a complete career change. I took a job as an assistant property manager, earning just $45Kpa and doing menial tasks, which was incredibly humbling. I started out a few steps back from my career pathway, entry level into the property industry just to learn the ropes and learn how to invest in properties.

In six months, I was promoted to property manager and given a portfolio

of 20 properties to nurture. I went from 20 to 100 and eventually over 200 properties under management in three years, breaking all records for the company. I then transitioned into becoming a sales agent and became their star performer 3 years in a row, once again breaking all records for the company. I eventually became the Principle and Licensee in charge of this fast-growing business.

Shortly after, I was tapped on the shoulder by one of Sydney's most prominent property developers and became the project sales director, looking after 5 of their major projects with about 2000 properties under management.

Then in 2016, I was tapped again by one of Australia's largest property investment firms. Here, I began selling brand-new properties (Units, Townhouses and House and Land packages) creating partnerships with multiple developers. I took on a role as the Head of Strategic Property Services for 2.5 years and climbed the corporate ladder.

The real estate market is fickle, and my role was made redundant in 2019. My wife was seven months pregnant and was tempted to get back on the corporate ladder, but we believed in a vision of starting out on our own and helping others become financially secure. By this time, my 7 investment properties had grown to be worth over $5M and was generating me over $150K plus in income. We put their entire property portfolio on the line and launched Inspire Realty in 2020.

I have grown the business from being a one-man-band by building strong foundations to be more efficient and easily accessible to the team, with now a team of seven property professionals assisting our clients to build their property portfolios.

My journey highlights an unwavering determination, passion for property, and dedication to helping others achieve financial security and wellbeing through profitable property investments and to ultimately have the freedom and flexibility to pursue their passion and purpose (including starting a business).

Q What are some of the reasons why you originally decided to join PIPA?

Over the 13 years being involved with many sectors within the property industry, I have come to realise that property professionals are largely unrepresented in the industry, media, and within government.

> "The vast majority of investors would choose an **accredited professional** over one that isn't in the marketplace.

I was enthused and excited to be part of a collectively body of professionals that has a common voice in the space and wanted to be part of an organisation that represented us as property advisors.

I was impressed to learn that PIPA members are encouraged to adhere to a code of conduct which means we are setting new standards for property professionals and advisors.

It seems that the property advisory space is largely unregulated and so knowing that we could set ourselves apart by being part of a recognised body is important for our business and the professionalism of our service.

Q You have completed the PIPA Accreditation Program and are a QPIA member as well. Why did you think it was important to undertake specialist advice training and what are some of the benefits for your business after finishing the program?

We know that the vast majority of investors would choose an accredited professional over one that isn't in the marketplace.

To set ourselves apart, I chose to undertake and be a Qualified Property Investment Advisor and to ultimately help our clients make better property investment decisions.

I have realised that unlike the financial planning advisory space, there is little by way of accreditation and standards for property professionals in the advisory space and so having industry benchmark standards is important to be able to deliver higher quality property investment advice.

Since obtaining my QPIA accreditation, I have been able to highlight further my credibility and have a point of differentiation in the market place. In my consultations with my clients, I have been able to build trust and highlight our key points of difference with other property professionals and been able to win more business as a result.

Q What's next for your business in the next 12 months and beyond?

Australia is in the grip of a rental crisis, with an ageing population reliant on dwindling pension funds and massive homelessness issues. At the same time, those who might invest in property, providing the much-needed solution, are making poor property decisions.

Most, despite months or years of weekend inspections, endless research, and dealings with agents, bankers, and brokers, still don't enter the market, and many have their best endeavours derailed by expensive mistakes.

Our mission is to Inspire a new generation of investors to take charge of their financial future by helping them build wealth through profitable property investments.

Inspire Realty's innovative methodical approach removes the emotion of property purchasing and sets people on track to build wealth for their future. It is taught to leverage property from one to more, giving them a skill that can be acquired over time by making wise judgments.

We look forward to setting a new benchmark in the quality of service and success of our clients. I am good at getting people on the same page, a skill that helps when I'm reminding my team why we do what we do.

My business is not profit-first but purpose and people-first. I use my vision to inspire clients to take charge of their financial futures.

Our entire purpose is to help our clients find their WHY through a holistic approach. Seeing beyond their current situation, to be inspired to do bigger things. To have a vision of what could be and to realise their dreams and desires.

Our team knows to always act in the best interest of our clients. To be a trusted service provider with integrity. Doing what is right, fair and just means having consistency in our communication, doing what we say and committing to our actions.

> "Our mission is to **Inspire a new generation of investors** to take charge of their financial future by helping them **build wealth** through profitable property investments.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Rent freezes and rent caps will only worsen, not solve Australia's rental crisis

Average housing rents across Australia have increased by about 10% per year to February 2023 for new rentals, and just a bit lower than that for existing rentals.

Combined with rapidly increasing interest rates and wage rises not keeping pace with inflation, this is placing huge strain on the average household purse, prompting calls for improved rental market conditions.

The Greens are refusing to pass the $10 billion Housing Australia Future Fund bill to provide more community housing unless the federal government supports the introduction of rent controls. But is a rent freeze a simple panacea?

Australia used rent controls effectively during the two world wars. However, they have been used in other countries without much success. Using basic economic principles, there is evidence freezes worsen inequality and actually reduce availability.

This article was originally published on

THE CONVERSATION

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Making the market worse, not better

Rentals, in economic terms, are a product. To make a quality product for the market, the producer – the landlord – invests substantial sums of money in construction and maintenance to meet legislated minimum standards for rental properties. They also have to cover land and income tax, insurance and mortgage costs.

The rent from a property is expected to cover these expenses with an average return on investment between 3% and 7%. As soon as there is a rent freeze and the return on investment starts falling – in some cases into the negative – landlords will cut back on what they consider discretionary spending.

This can affect spending on maintenance because all other outlays are fixed. Houses are then allowed to fall into disrepair, leading to landlords selling up or withdrawing properties from the long-term rental market.

Experience in the United States shows how landlords allow some houses to become uninhabitable so they can fraudulently obtain insurance payouts for damage to the property.

Unscrupulous landlords will also try to bypass the minimum rental property standards by offering their properties at above-market rents, capitalising on the high demand and low stock.

Cashing in on the black market

Promoting rent-bidding above the fixed price will only worsen if there are government-imposed rent freezes. While rent bidding has been banned in some states including New South Wales and Victoria, anecdotally it remains widespread.

Then there is a grey area where real estate agents and landlords appear to

> "While **rent bidding** has been banned in some states including New South Wales and Victoria, anecdotally it **remains widespread**.

adhere to the law by not asking for bids, but willingly accept offers above the advertised price from renters desperate to secure a property.

Given the difficulty in evicting renters, and rent freezes not covering costs, landlords might think a premium payment is justified. On paper, it would appear the rent being paid is reasonable and in accord with a government-imposed freeze.

But it also provides the landlord with untaxed cash. This flows on to the building sector where tradies will happily provide their services for cash, thereby expanding the black market.

The reasons for the property supply shortage are longstanding, and many of the causes were worsened by the COVID pandemic. These included material supply delays, increased costs and changes in preferred housing types. Government policies relating to the release of land and drawn-out approval processes for new builds have added to the supply problem.

Other unintended consequences

Battling families are further disadvantaged in the rental market because landlords would prefer to have their properties occupied by professionals with no children. Often, it is easier for owners to charge under-the-table premiums to this cashed-up group prepared to pay to get a particular property.

This increase in social segregation has been reported in Britain, where landlords choose renters from their preferred social and economic cohort. This increases the waiting times for "rent frozen" properties, forcing desperate individuals - usually those already most disadvantaged - to rent illegally through the black market.

This worsens the divide between the wealthy market-insiders and unemployed, migrant, young and other disadvantaged

> "Global experience suggests that **improving supply**, by easing building restrictions and **scrapping red tape** for new developments, is likely to be a more effective policy tool in Australia.

renters. The resulting lack of available rentals worsens worker shortages in some areas and can create pockets of increased violence and crime spawned by uncontrolled hidden black markets.

While freezing rents would appear to be a simple method to increase rental housing affordability, the unintended consequences of any such move will have a long-term negative impact on the total availability of rental housing stock, reducing the quality of housing and increasing a black market in rental housing.

Global experience suggests that improving supply, by easing building restrictions and scrapping red tape for new developments, is likely to be a more effective policy tool in Australia. Local councils and state governments need to simplify and expedite the process for approving new developments at the same time as reducing taxes on rental properties, both during construction and later.

Ameeta Jain
Senior Lecturer in Finance, Deakin University

Veronica Morgan elected to PIPA Board of Directors

Qualified Property Investment Adviser (QPIA) and longstanding expert property buyer and commentator, Veronica Morgan, has been elected to the Property Investment Professionals of Australia (PIPA) Board of Directors.

Based in Sydney, Ms Morgan is the founder and principal of Good Deeds Property Buyers and is a former executive committee member of the Real Estate Buyers Agent Association of Australia (REBAA) with more than two decades experience in the industry.

She was also the co-host of popular series Location Location Location Australia and Relocation Relocation Australia on Foxtel's The Lifestyle Channel Australia.

Ms Morgan is also a licensed real estate agent and holds a Bachelor of Design (Visual Communications) and a Master of Commerce (Marketing).

"I'm incredibly excited to accept a position on the PIPA board," Ms Morgan said.

"It's long been a passion of mine to raise professional standards in the property advice space and in the absence of regulators who take this seriously, it's up to the industry to lead the way.

"We need to do this, not only to improve consumer outcomes, but to ensure that PIPA members can enjoy long and meaningful careers."

PIPA Chair Nicola McDougall said she was looking forward to not only having more female representation on the PIPA board but also the years of expertise and insights that Ms Morgan will bring to the wider association.

"The entire PIPA board is thrilled to have Veronica join us at a time when our association, and our profile and influence, are growing significantly," Ms McDougall.

"The PIPA board are all volunteers who donate their time for the betterment of the entire property investment advice sector and, given we have a number of significant projects under way this year – including our first-ever national conference – I'm sure Veronica's vast skills and experience will be put to work very quickly."

> "It's long been a passion of mine to raise **professional standards** in the **property advice space**.

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