PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA PIPA

Property policies swayed investor voters with many now also considering non-bank lenders: PIPA national investor survey

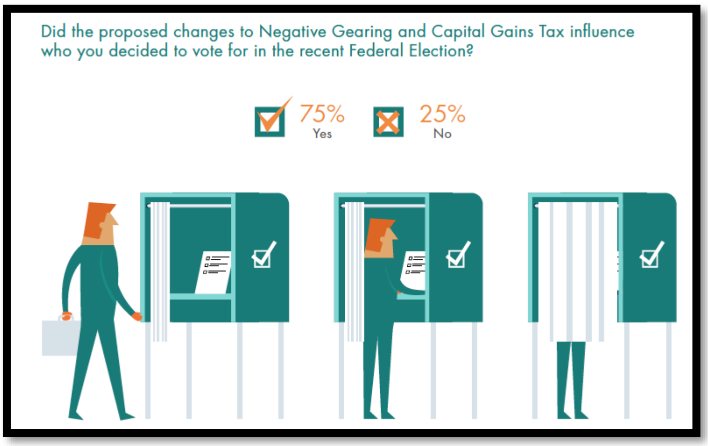
For immediate release

A staggering 75 per cent of investors say that property policies in the Federal Election influenced how they voted with nearly 60 per cent also now considering non-bank lenders after the Banking Royal Commission, the 2019 PIPA Property Investor Sentiment Survey has found.

The national annual survey, which gathered insights from nearly 1,200 property investors, also found that investors are demonstrably more positive about the market compared to the same time last year – despite slower markets in Sydney and Melbourne and a relatively tight financial environment.

The survey found that Labor's proposed changes to negative gearing and Capital Gains Tax legislation heavily influenced the way that three quarters of investors voted in the recent Federal Election, despite short-term tax benefits being the least important criteria in investment property selection in this year's survey results.

"It's clear that many investors, regardless of their political leanings, were fed up with being told they were 'greedy' when the vast majority only own property and are just trying to improve their financial futures," PIPA Chairman Peter Koulizos said.



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Mr Koulizos said restricted access to lending had also meant that more investors were prepared to look further afield to secure lending.

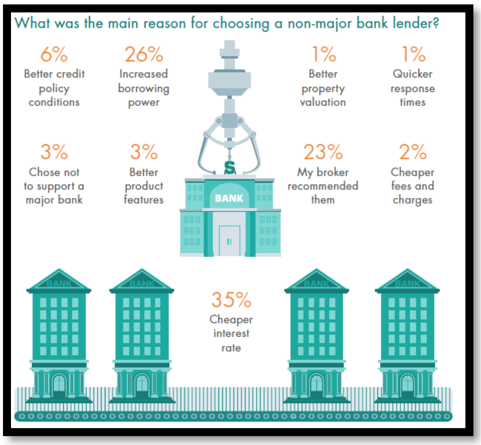
“Difficulty obtaining finance, as well as the popularity of banks being on the slide over the past year, meant that about 60 per cent of investors are now more likely to consider a non-major bank lender, especially after the outcomes of last year’s Banking Royal Commission,” he said.

Over the past year, the survey found that 27 per cent of investors had secured a loan from a non-major bank lender with the top two reasons being cheaper interest rates and increasing borrowing power.

In fact, the survey found that the two biggest concerns for investors were gaining access to lending as well as Australian economic conditions.

“Given tight lending conditions and the financial sector’s response to the Banking Royal Commission, a staggering 25 per cent of respondents have found they were unable to refinance an amount they were able to borrow previously,” Mr Koulizos said.

“This situation is potentially one of the reasons why the number of investors in the market has fallen dramatically – with 34 per cent of investors purchasing a property over the past 12 months, down from 43 per cent in the 2018 survey.”



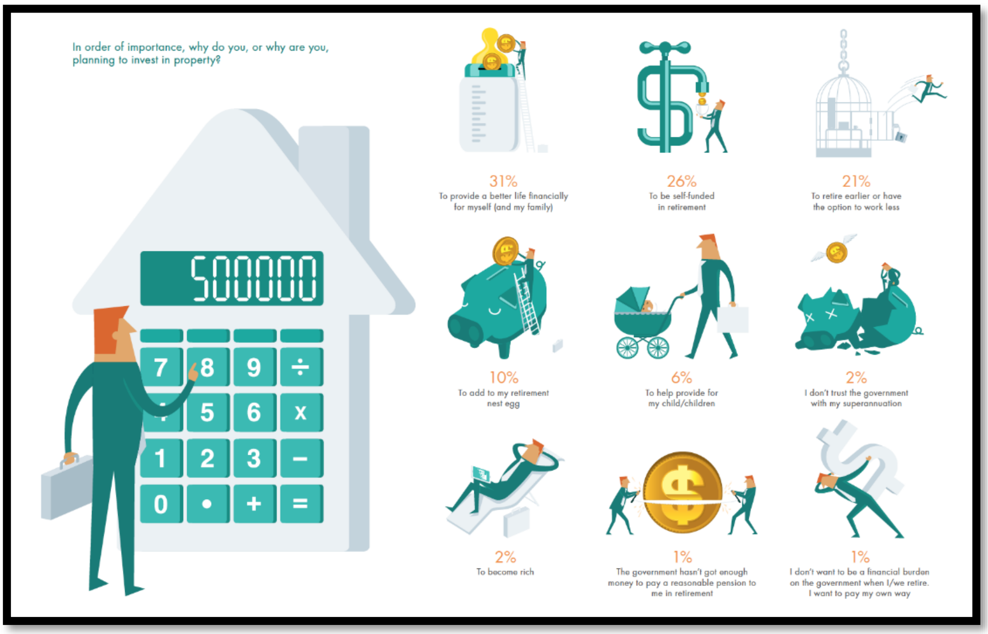
Property investors focus on the long-term merits of real estate

Some 78 per cent of respondents said that concerns about potential falling house prices wouldn't cause them to put investment plans on hold.

Indeed, about 82 per cent of investors believe that now is a good time to invest in residential property, which is up from 77 per cent in 2018.

"Long-term capital growth beat out cash flow – both long- and short-term – as the most important aspect when choosing an investment," Mr Koulizos said.

"Property investors are just trying to looking their lot because when asked why they choose to invest, the most important reason was to provide a better life financially for themselves and their family, while the idea of 'becoming rich' was one of the least important reasons."



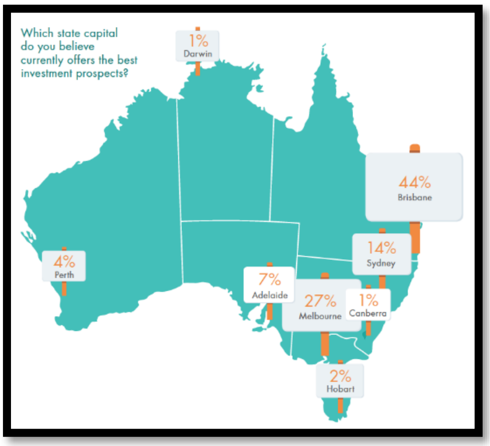
Metro locations retain their popularity, Brisbane stays in favour while Sydney's appeal is back on the rise

While Brisbane is once more the preferred capital city for investment among respondents, there has been a dramatic rebound in Sydney's appeal among investors – rising from nine per cent in 2018 to 14 per cent in 2019.

"The number of investors who now see Sydney as the state capital with the best investment prospects has increased significantly since last year, however, it is still lagging behind Brisbane (44 per cent) and Melbourne (27 per cent)," Mr Koulizos said.

"The results found that investors remain predominantly keen on metropolitan markets (73 per cent) with about 15 per cent considering regional locations as the most appealing.

"The majority of investors are also confident in their local market because when asked the direction of the property market in their state or territory, 53 per cent said it was improving while 41 per cent said it was flat."



The number of investors looking to buy existing stock continues to be high at 91 per cent, with 71 per cent saying they intended to buy a house in the next 12 months.

The number of investors looking at off-the-plan units or house and land packages sits at five per cent, which is down from 6.4 per cent in 2018.

About 48 per cent of investors are looking to purchase a property in the next six to 12 months, down from 52 per cent in 2018.

Investors want to see greater professional standards

This year's survey also again highlighted the need for improved professional standards and regulation of the property investment advice industry.

In fact, 88 per cent of investors continue to believe that more education is needed around the risks and benefits of investing in property, plus virtually all (93 per cent) of respondents believe that that any provider of advice should have formal training.

Indeed, about 90 per cent of investors believe the property investment industry should be regulated and licensed the same way that financial planners, mortgage brokers and real estate agents are.

"Property investors again are asking for more rigorous standards in the real estate investment advice sector, yet, it remains stubbornly unregulated," Mr Koulizos said.

"We are pleased that PIPA continues to be recognised as the peak professional association for those working in the industry as we continue to lobby for the regulation of property investment advice."

2019 PIPA Property Investor Sentiment Survey - Key stats at a glance

- 1,192 survey respondents
- 82% of investors believe now is a good time to invest in property
- 48% of investors are looking to purchase in the next six to 12 months
- 27% of investors has secured a property loan from a non-bank lender
- 25% of investors have been unable to refinance
- 75% of investors were influenced by property policies in Federal Election
- 90% of investors believe people who recommend property investment should be regulated and licensed

A copy of the 2019 PIPA Investor Sentiment Survey Report is attached.

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For more information, or to organise an interview with Peter Koulizos, please contact:

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About PIPA

Property Investment Professionals of Australia (PIPA) is a not-for-profit association established by industry practitioners with the objective of representing and raising the professional standards of all operators involved within property investment.

For more information visit www.pipa.asn.au