

June 2020



Property Stimulus

Submission

**aicwa** 

empowering  
conveyancers

## SUPPORT FOR THE WHOLE SECTOR

The Australian Institute of Conveyancers WA Division (AICWA) the peak body representing Conveyancers in Western Australia, is calling on the State Government to **ACTION** to implement policy measures in support of the established residential property sector.

The AICWA has identified **3** key initiatives

- 1** Raising the Duty concession threshold rate for first homebuyers for established properties to \$550k ceasing at \$750k
- 2** First homebuyer grants of \$20k for purchasing established properties
- 3** Duty concessions for retirees 65 years and over who are downsizing

The AICWA's **3** key initiatives when applied collectively will complement existing stimulus packages bringing much needed help for everyone in the residential property sector.

Stimulating a single sector in preference over a whole of market approach will not achieve lasting benefits for everyone nor achieve an immediate positive step forward in the recovery of the WA property market.

## RECOVERY OF THE PROPERTY SECTOR

The long-awaited recovery of the property market in Western Australia has experienced a significant setback due to COVID-19 leaving many business owners who support the sector struggling to continue to provide essential services.

Statistical property listing and sales data for the metropolitan area provided by the Real Estate Institute of Western Australia (REIWA) demonstrates a significant downturn in April and May equating to well over a **50%** drop on the same time last year which itself was the slowest year for sale and settlements of property since 2014.

The considerable downturn is also evident in the [Data WA](#) online resource where almost all key indicators reported by Landgate reflect not only the immediate impacts of COVID but several years of below average performance as our sector has transitioned away from the boom mining years.

## DEMAND FOR NEW RESIDENTIAL HOUSING

The demand from Western Australian's and those who have arrived to take up residency or invest in new residential dwellings has decreased over consecutive years.

As published by Business News in its [Residential Builders Special Report](#), new dwellings across WA "declined by an estimated 8 per cent from 19,818 in the 2017 financial year to 18,274 in the 12 months to June 2018." This trend has continued through 2019 and well into 2020 despite incentives such as the First Home Owner's Grant (FHOG) and 75% Duty rebate for off-the-plan purchases.

*Stimulus in the new residential property market appears to be driven by a desire for growth in a sector which, despite significant incentives, is not witnessing growth.*

Support for the established residential market has continuously been ignored in favour of the new residential market.

Over the past decade there have been no new initiatives in support of the established property market leaving many existing homeowners reluctant to relocate or downsize.

The many lasting negative impacts to the residential property market have been created due to a lack of policy initiatives.

*The new residential dwelling market has readjusted itself in WA according to demand post boom.*

# IMPACTS OF PREVIOUS STIMULUS

Previous property sector stimulus packages targeting new residential homebuyers in WA have contributed to lasting negative impacts such as

- 1 Creating barriers to accessing low interest rates
- 2 Higher debt to equity
- 3 Urban sprawl
- 4 A concentrated market of developers

Impacts of high debt to low equity have resulted in many new residential homebuyers being locked out of renegotiating their loans so as to take advantage of historically low interest rates.

Those who are able to refinance still face a sluggish market with property values well below their original purchase price.

Stimulating the new residential sector has done nothing but increase the number of properties in low demand at well below market value.

*Many new homebuyers have been forgotten as they pay for the cost of previous stimulus packages.*

The State Government's attempt to curb urban sprawl and encourage urban infill is not aided by stimulus packages focused solely on new residential dwellings.

Despite demand falling in WA, the market share of the largest **10** builders in WA remained steady at **43%** according to a [Residential Builders Special Report](#) resulting in WA having one of the most concentrated markets anywhere in Australia.

The top **20** largest builders have and continue to account for nearly **75%** of all new residential builds, a figure that has remained steady since subsidies and various stimulus packages were introduced over a decade ago.

## IGNORING THE ESTABLISHED PROPERTY SECTOR

Both the Federal Government [Home Builder Scheme](#) and the recently announced State Government [Building Bonus](#), while welcomed, will largely target the revitalisation of the new property market sector, benefiting a very small cohort of builders and developers in WA.

It is unknown how long and the affect the stimulus packages will have on the WA property market and its economy, however, the effects will be isolated and not compliment the wider property sector.

The Federal and State Government economic stimulus packages have ignored many business owners employed within the established property sector which includes conveyancing professionals, real estate agents, valuers as well as the many other businesses supporting property professionals.

*What should have been beneficial for many within the sector, will do little more than maintain the market share of WA's largest builders.*

Action can be taken now to affect positive and immediate changes by supporting the established property market.

## PROPERTY TRANSFERS IN DECLINE

Statistics reported on [Data WA](#) online for property transfers registered at Landgate for financial years 2014 – 2019 demonstrate a consistent decline over 4 consecutive years.

Financial Year	Registered Property Transfers
2014 - 2015	84,222
2015 - 2016	71,642
2016 - 2017	66,165
2017 - 2018	64,219
2018 - 2019	57,742

## CALL TO ACTION

The AICWA is calling the State Government to **ACTION** in support of the established residential property sector and its many small and medium business owners who have gone ignored for far too long.



**For further information, please contact:**

**Dion Dosualdo – 0421 339 685 – [ceo@aicwa.com.au](mailto:ceo@aicwa.com.au)**

### **About AICWA**

AICWA is the peak body representing specialist Conveyancers in Western Australia, and is a member of the Australian Institute of Conveyancers. The Institute's goal is to advance the profession of conveyancing in WA, and it is committed to best practice, ethical standards and appropriate service standards – upheld by a Code of Conduct for its more than 240 members across the State. The Institute works closely with various State Government agencies and the Property Industry Advisory Committee (PIAC).

**empowering  
conveyancers**