

Media Release

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STATE BUDGET RESPONSE:

FOREIGN OWNERS SURCHARGE TO HIT DEMAND FOR PROPERTY

The Urban Development Institute of Australia (UDIA WA) has welcomed the Treasurer's assurance in his state budget outline that the property sector will not be hit further to assist in the budget repair.

"UDIA was pleased to hear Treasurer Ben Wyatt recognise that the property industry has been a soft target in previous years when it comes to seeking increases in revenue," UDIA WA CEO Allison Hailes said.

"Despite these assurances, we do think that the new Foreign Owner Duty Surcharge will have a more significant impact on demand for property in WA than what the government might anticipate," Ms Hailes said.

FOREIGN OWNER DUTY SURCHARGE

From 1 January 2019, a 4% Foreign Owners Duty Surcharge will apply in WA to purchases of residential property by foreigners, including individuals, corporations and trusts.

"While the surcharge conditions have been amended since the government announced it a few months ago, it is now directly targeting residential property transactions," Ms Hailes said.

The surcharge excludes residential developments of ten or more properties, commercial residential property such as hotels, student accommodation and retirement villages, and mixed use properties that are used primarily for commercial purposes.

"If you look at the finance requirements for up to 50% pre sales for large apartment developments, a lot of that initial demand can come from foreign buyers," Ms Hailes said.

"These buyers might be looking for accommodation for their children while they study, or to live in themselves, either way, adding a cost to that investment may be a turn off for potential buyers," Ms Hailes said.

"Here in WA we should be encouraging foreign buyers to invest in our property market and help in the overall market recovery," Ms Hailes said. "We certainly shouldn't be penalising them."

"The residential property market in WA is playing a major role in supporting our struggling state economy," Ms Hailes said.

"To take a further blow on the small amount of foreign investment we have now would be detrimental to any potential property market recovery and its ability to provide a much needed stimulus to the broader WA economy," Ms Hailes said.

METRONET & VALUE CAPTURE

"UDIA welcomes the investment in METRONET and the associated potential that the new rail lines will provide in terms of urban precincts around the new stations," Ms Hailes said.

“The improved connectivity and the unlocking of the potential for increased density and the creation of vibrant community hubs around these precincts is very exciting,” Ms Hailes said.

“Property owners in existing areas will also benefit from the improved connectivity and amenity and services that these precincts could provide,” Ms Hailes said.

“We would like clarification around the ‘land sales and value capture’ funding that has been allocated in the forward estimates for 2019/20 and 2020/21,” Ms Hailes said.

“UDIA is supportive of value capture, in the right circumstances and with the right framework,” Ms Hailes said. “However this does require clarification before we can support it.”

HOUSING AFFORDABILITY

“UDIA would have liked to see some more state level measures to address the critical issue of housing affordability in WA, rather than such a reliance on federal funding to address this issue,” Ms Hailes said.

“While the budget papers acknowledge that affordable housing is still out of reach for many West Australians, measures noted in the budget papers primarily rely on Commonwealth strategies rather than implementing state level initiatives to address this critical issue,” Ms Hailes said.

Ends.