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PROOF INVESTORS ARE NOT THE DRIVING FORCE BEHIND PROPERTY PRICE HIKES

A study conducted by BMT Tax Depreciation, Australia's leading supplier of tax depreciation schedules, has revealed that the average Australian investment property value is well below the average value of all national dwellings reported by the Australian Bureau of Statistics.

BMT, who have prepared almost 800,000 depreciation schedules for investment properties, looked at the average purchase price of properties for which it prepared tax depreciation schedules in the December 2021 quarter and was surprised to find it to be \$751,800.

This is vastly below the mean price of residential dwellings reported by the Australian Bureau of Statistics of \$920,100 for the December 2021 quarter.

Bradley Beer, Chief Executive Officer of BMT, said that the finding challenges the presumption that wealthy property investors are responsible for driving up property prices.

"We know from both our own data, and data from the ATO, that property investors are mostly 'Mum and Dad' type investors with one investment property. They are typical Aussies using investment properties to boost their retirement nest eggs," said Bradley Beer.

Several economists have previously commented that the tax incentives associated with property investment encourage investors to enter the market and compete with owner occupiers, driving up property prices in 2021.

However, Mr Beer said that the discovery challenges this theory.

"The average property investor is simply making an investment choice based on cash flow and the potential for long-term capital gain. They are not competing at either the top or the bottom of the market," he said.

He continued to state that the profile of a typical Australian property investor may come as a surprise.

According to the most recent data from the Australian Taxation Office, 74% of people who own investment properties earn less than \$100,000 per year, despite the belief that most property investors are high-income earners.

"Private Mum and Dad investors fund the majority of affordable rental housing in Australia. With a looming rental crisis in many regions and a shortage of affordable housing and rentals, government should concentrate on increasing supply of housing and be careful of making changes to negative gearing and other incentives available to property investors," he concluded.

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Media contact: Lauren Howarth, 0448 507 979 or lauren.howarth@bmtqs.com.au