



OVER 100 YEARS OF SERVING
THE REAL ESTATE INDUSTRY

REIA

Real Estate Institute of Australia 2026-27 Pre-Budget Submission



ACKNOWLEDGEMENT OF COUNTRY

The Real Estate Institute of Australia (REIA) acknowledges the
Traditional Owners of Country throughout Australia.

We pay our respect to them, their culture and their leaders, past,
present and emerging.

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EXECUTIVE SUMMARY

Heading into 2026, Australia's housing crisis remains at a critical juncture, defined by a persistent supply-demand imbalance and a decline in productivity. While 2025 saw marginal improvements in housing affordability, with rents moderating, dwelling approvals rising, and population growth slowing, the outlook for this year remains cautious. House price growth is expected to continue at a subdued but steady rate, while market sentiment remains sensitive to the risk of potential interest rate hikes.

Significant housing undersupply and a high cost of living have pushed homeownership out of reach for a large segment of the population. While progress has been made through various federal initiatives to support first-home buyers and improve affordability, the Government must address structural barriers that continue to stifle progress in the property market. Supply-side measures for improving housing affordability should be prioritised first before consideration is given to property tax reforms.

Within the property sector itself, property management serves as the backbone for the nation's housing market. As a substantial portion of the 1.2 million new homes targeted under the National Housing Accord is expected to enter the private rental market, the demand for skilled property managers will surge. Property managers are crucial in all facets of this, from marketing, tenant management, financial management and provision of operational and day-to-day services.

A critical challenge for small businesses in 2026 is the mounting regulatory burden on small businesses, most notably the commencement of the Tranche 2 Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) legislation and Privacy Act obligations. Real estate agencies, which consist primarily of small businesses, will need targeted funding and assistance to be compliant, without the burden of excessive administrative and operational costs.

Furthermore, as Australia moves toward NetZero 2050, the real estate sector is uniquely positioned to drive the widespread adoption of energy-efficient homes, supporting affordability, job creation, and long-term economic growth while reducing emissions. Leveraging the existing workforce will be key to ensuring greater demand for sustainable homes and ensuring energy performance becomes a key consideration for residential property decisions.

Against this backdrop, the REIA Budget Submission 2026-27 provides strategic solutions to restore homeownership and industry sustainability by prioritising supply-side measures, building workforce capacity, driving the energy efficiency transition and reducing the regulatory burden on small businesses. This approach transforms regulatory and environmental hurdles into economic opportunities, ensuring a resilient, affordable property market for all Australians.

ABOUT REIA

The Real Estate Institute of Australia (REIA) is the national peak body for Australia's real estate profession, providing strong federal leadership and a unified national voice since 1924.

Operating under a federated model, REIA represents the collective interests of State and Territory Real Estate Institutes (REIs) while respecting their autonomy. REIA's role is to lead on issues that require national coordination, delivering consultative and evidence-based advocacy on federal policy and regulation that impacts the profession and the property market.

As the authoritative voice for the industry, REIA is committed to fostering a prosperous and sustainable property market. We champion policies that improve housing affordability and foster a more resilient property sector for all Australians. Our advocacy is grounded in trusted industry research, including insights across a residential property market valued at more than \$12 trillion,¹ ensuring decision-makers are informed by credible data and industry expertise.

We remain committed to elevating professional standards and public trust in real estate. REIA promotes high standards for entry, ongoing competency and ethical conduct across the profession, supporting real estate agencies as a cornerstone of Australia's small business community.

REIA focuses on delivering measurable value and impact for members by strengthening national representation and influencing policy outcomes that cannot be achieved at a state level alone. Through evidence-based policy recommendations and effective federal advocacy, REIA works to support a prosperous and sustainable property market that advances outcomes for all Australians.

[1] [Cotality Monthly Housing Chart Pack \(January 2026\)](#)



REIA BUDGET RECOMMENDATIONS

Pillars	Recommendation	Expected Outcomes
Home Ownership	Maintain First Home Buyer incentive schemes.	Increase market entry and boost home ownership rates.
	Allow voluntary and flexible use of compulsory superannuation to offset mortgage costs.	Improve home loan serviceability for mortgage holders.
Property Taxation	Implement phased stamp duty removal by considering efficient and nationally consistent alternatives.	Enhance mobility and promote downsizing.
	Retain current Capital Gains Tax (CGT) Discount and Negative Gearing tax settings.	Ensure rental market supply and stability.
Rental Affordability	Expand the rollout of the Commonwealth Rental Assistance (CRA).	Reduce rental stress for vulnerable cohorts.
Regulation on Small Businesses	Fund targeted education, support and guidance for frontline AML staff to meet AML/CTF and Privacy Act obligations.	Alleviate the red tape burden on small businesses.
Workforce Capability	Introduce apprenticeship incentives and prioritise skilled migration pathways for the Property Management workforce.	Address critical labour shortage and ensure sector integrity.
Sustainability	Position real estate agents as trusted advisors to facilitate data collection and uptake of residential energy efficiency incentives.	Promote progress toward Net Zero targets.

THE CURRENT NATIONAL LANDSCAPE

Australia's Economic Outlook

Domestic Economy Overview

The Australian economy is entering a phase of stabilisation and recovery. Following a period of moderate growth in 2025, the outlook for 2026 suggests a gradual improvement in momentum. While private demand remains a cornerstone of this recovery, the economy is currently navigating a "speed limit" where growth is healthy but inflationary risks remain a primary concern for policymakers.

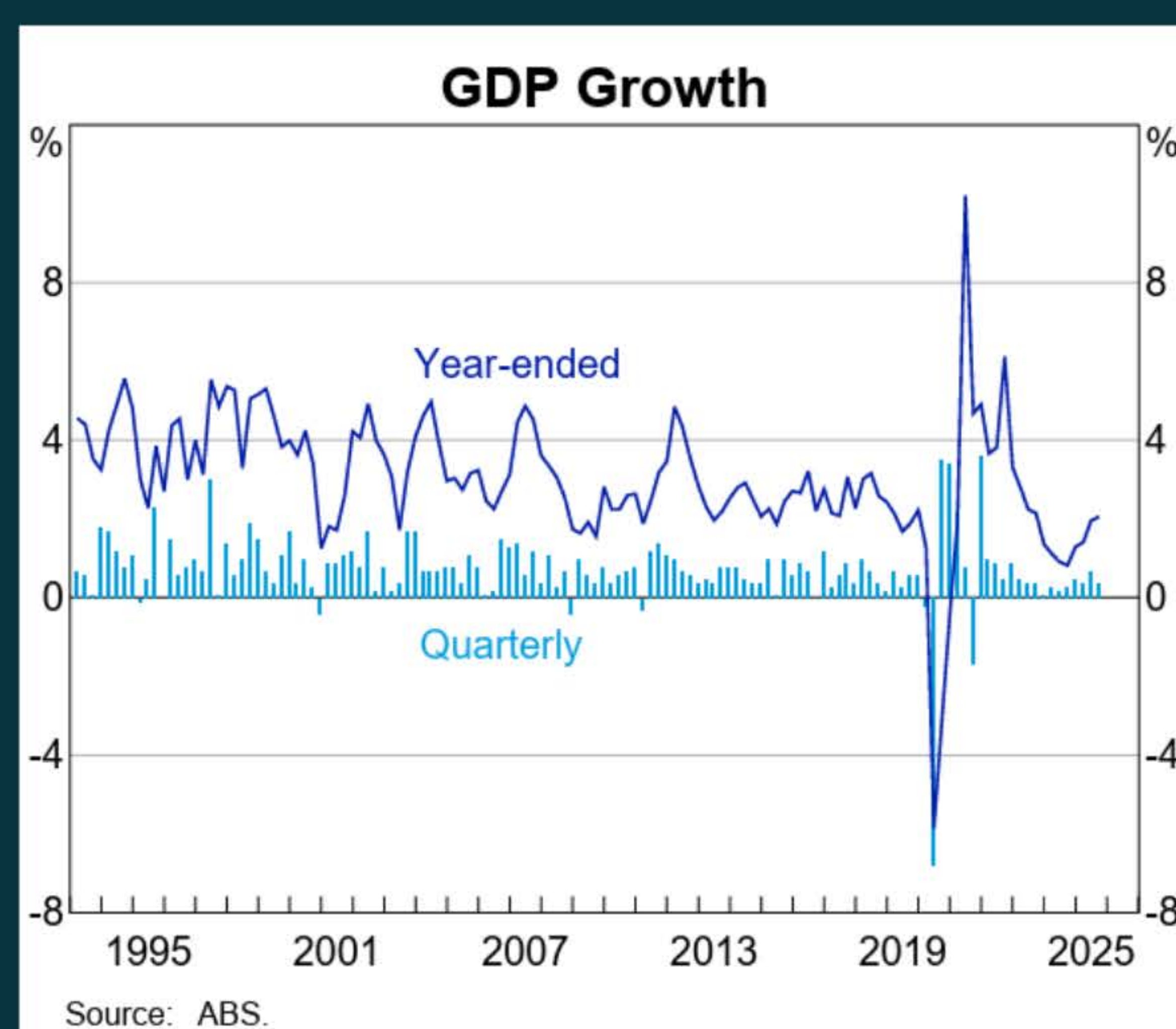
Key Economic Indicators (FY 2025-26)

Economic Indicator	Value (latest)	Trend	2025-26 Forecast
Real GDP Growth (Annual)	2.1%	Strongest in 2 years	2.25%
Headline Inflation	3.4%	Easing from 3.8% in October 2025	Above 2.0 – 3.0%
Unemployment Rate	4.1%	Held Steady	4.5%
Labour Productivity	0.8%	Improving but below target	1.2%

Economic Growth and Demand Drivers

The economy expanded by 2.1% through the year to September 2025. While this represents the strongest annual performance in two years, it is important to note that growth remains flat in per-capita terms, meaning the expansion is largely tracking with population growth rather than individual wealth increases. However, this figure has exceeded the Reserve Bank of Australia's (RBA) forecast of 2 per cent, which sparks concerns regarding potential upward inflationary pressure as the economy is near its "speed limit".²

- Private Investment:** Private investment grew 2.9% in the September quarter 2025, contributing 0.5 percentage points to GDP growth, driven largely by a 7.6% jump in machinery and equipment spending. Housing investment contributed 0.2 percentage points to GDP growth, supported by an uptick in dwelling construction and high investor demand.²
- Household Consumption:** Household consumption grew 0.5%, contributing 0.3 percentage points to GDP growth as discretionary spending cooled. While annual discretionary spending was up 2.3%, high cost-of-living pressures are beginning to temper consumer behavior.²
- Public Demand:** Public demand continued to support growth through the rise in government expenditure and investment, which contributed 0.3 percentage points to quarterly GDP growth.²



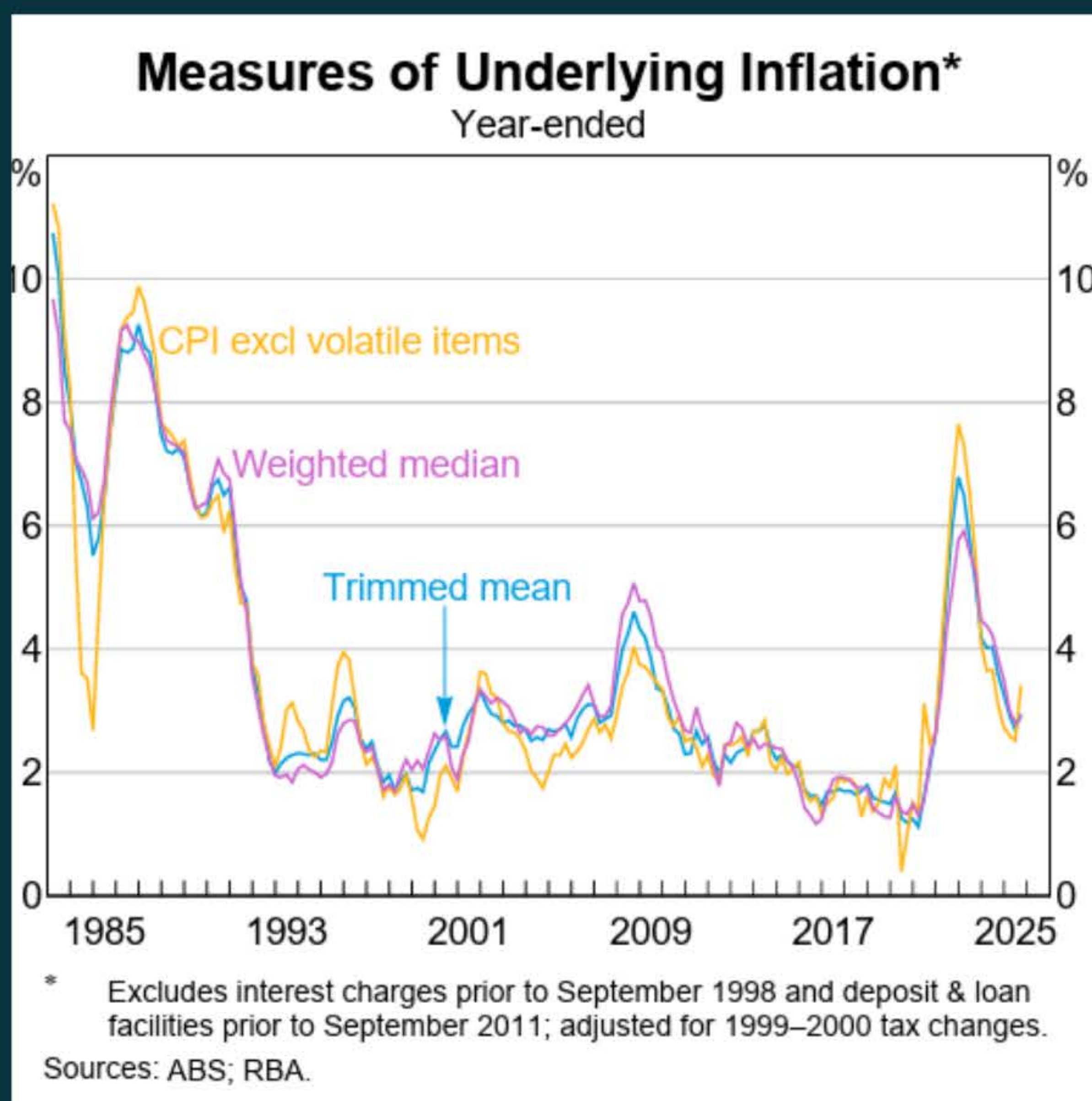
Year-ended and Quarterly GDP Growth, December 2025

[2] ABS Australian National Accounts: National Income, Expenditure and Product (September 2025).

Inflation and Monetary Policy

Inflation continues its gradual descent but remains the primary concern for the RBA. The Consumer Price Index (CPI) rose to 3.8% in November 2025, and underlying (trimmed mean) inflation increased to 3.3%, above the RBA's target band of 2–3%.³

Despite the easing trend, the RBA remains "alert to upside risks." While the RBA held the cash rate at 3.6 per cent at its December meeting, Governor Michele Bullock has warned that interest rate rises could be on the horizon if inflationary pressures are more persistent. The quarterly inflation report released⁴ at the end of January, along with employment trends, will certainly influence the cash rate decision.



Measures of Underlying Inflation, December 2025

Labour Market and Productivity

Increasing the nation's productivity is vital to improving current living standards and building the nation's capacity to address future demographic, global and economic challenges. In Australia, productivity growth has been declining and has been a key focus of the Government, as evident through the economic reform roundtable last year.

- **Unemployment:** The unemployment rate fell to 4.1% in December 2025.⁵ The RBA forecast in November that the unemployment rate would reach 4.4 per cent by the end of the year, and remain at that level for two years. Both the labour market and inflation figures are important factors in the RBA's interest rate decision this year.
- **Productivity Gap:** Labour productivity rose 0.8% over the year to September 2025.⁶ While this marks four consecutive quarters of growth, it remains significantly below the Treasury's 1.2% long-term productivity growth assumption.⁷

Population Growth & Migration

Australia's population is projected to continue its upward trajectory, growing from 27.5 million in 2025 to 31.5 million by 2035–36, with growth heavily concentrated in capital cities, which are expected to grow nearly twice as fast as the rest-of-state areas.⁸

- **Migration:** Net overseas migration (NOM) remains the primary engine of Australia's growth, though it has entered a period of stabilisation. Net Overseas Migration (NOM) is cooling from post-pandemic peaks, expected to drop from 306,000 to 260,000 in 2025–26.⁸
- **Demographic:** Australia is in the midst of a permanent demographic shift, as the population is ageing due to lower fertility rates and higher life expectancy. Smaller family sizes have been on the rise, which significantly increases the total number of dwellings required, even if the population growth rate stays the same.⁸

Australia's housing demand is increasingly shaped by lifecycle transitions rather than simple population growth, as the trend toward smaller, more numerous households outpaces new construction.

[3] ABS Consumer Price Index (December 2025).

[4] RBA Media Conference, Monetary Policy Decision (9 December 2025).

[5] ABS Labour Force (December 2025).

[6] PC Quarterly Productivity Bulletin (December 2025).

[7] Mid-Year Economic and Fiscal Outlook | Budget 2025–26.

[8] 2025 Population Statement.



Global Outlook

According to the 2025–26 Mid-Year Economic and Fiscal Outlook (MYEFO) and the RBA, Australia is navigating a fragmented global landscape defined by geopolitical tensions and trade disruptions. While global growth remains subdued—forecast at 3% for 2025 before a modest rise to 3.25% in 2026—the Australian economy is gathering momentum.

However, the international environment is currently defined by structural shifts in trade policy, most notably a sharp increase in effective US tariff rates throughout 2025, conflict and geopolitical tensions. Several major advanced economies face the potential of persistently higher inflation (including Australia) and heightened concerns regarding fiscal sustainability.⁷

Furthermore, while US-led investment in artificial intelligence provides a significant boost to global productivity, Australia's export outlook remains sensitive to persistent weakness in Chinese fixed-asset investment and "excess capacity" in its industrial sectors, which continue to weigh on global commodity demand.⁹

Housing Snapshot

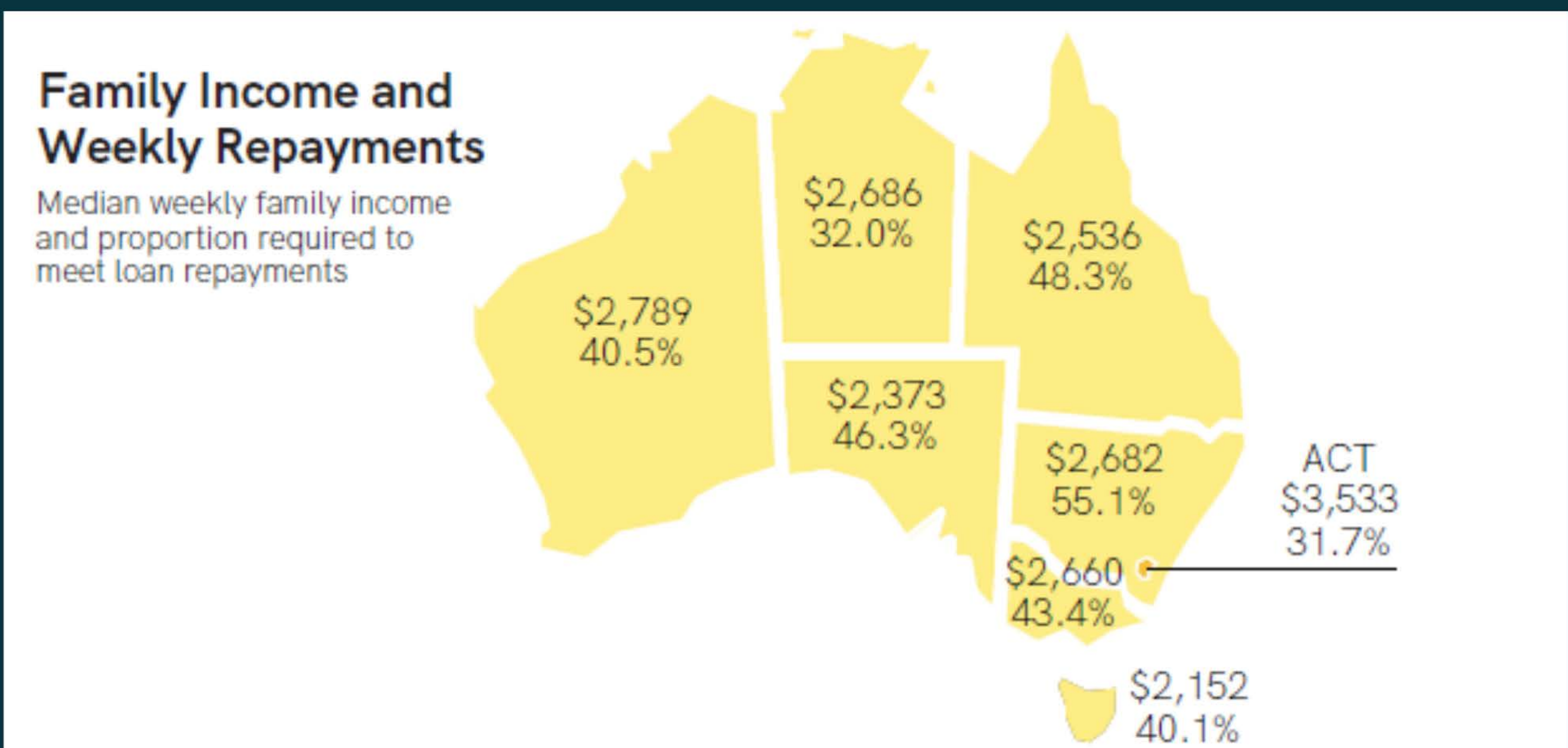
At a Glance

RBA Cash Rate	3.60%
Housing Affordability (Proportion of family income to meet home loan repayments)	47.0%
Rental Affordability (Proportion of family income to meet rent payments)	24.3%
Median Capital City House Price	\$1,130,518
New First-Home Buyer Commitments	29,637

Housing Affordability

The Australian housing market recorded its third consecutive quarter of slight recovery in September 2025. REIA's Housing Affordability Report (HAR) indicates that the proportion of median family income required to service average home loan repayments fell to 47.0%. This represents a 0.5 percentage point improvement over the quarter and a notable 1.6 point improvement year-on-year.¹⁰

While the recovery was national, Queensland was the outlier, recording only a marginal 0.1 percentage point gain. This broader trend was largely supported by the RBA's August decision to lower the cash rate to 3.60%, which eased borrowing costs despite sustained price growth.



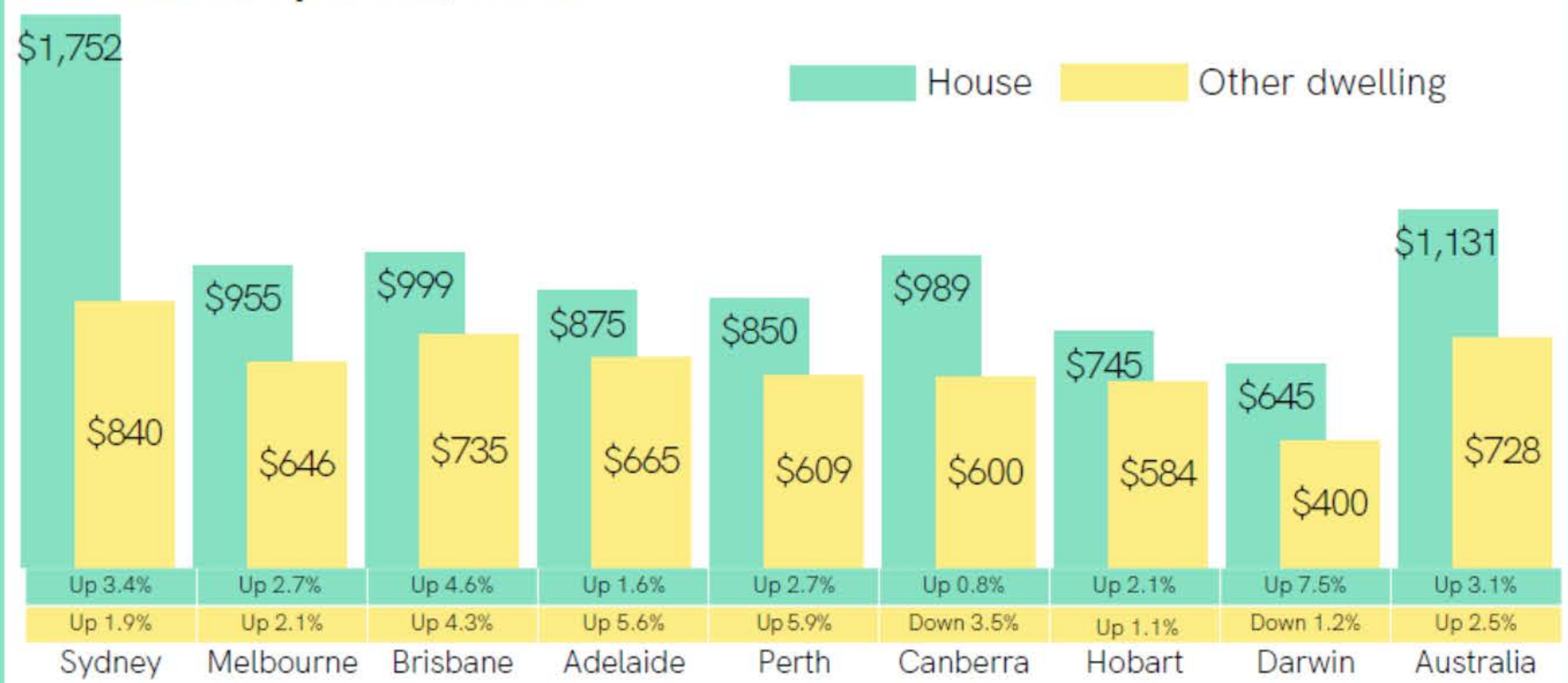
REIA Housing Affordability Report, September Quarter 2025

Rental Affordability

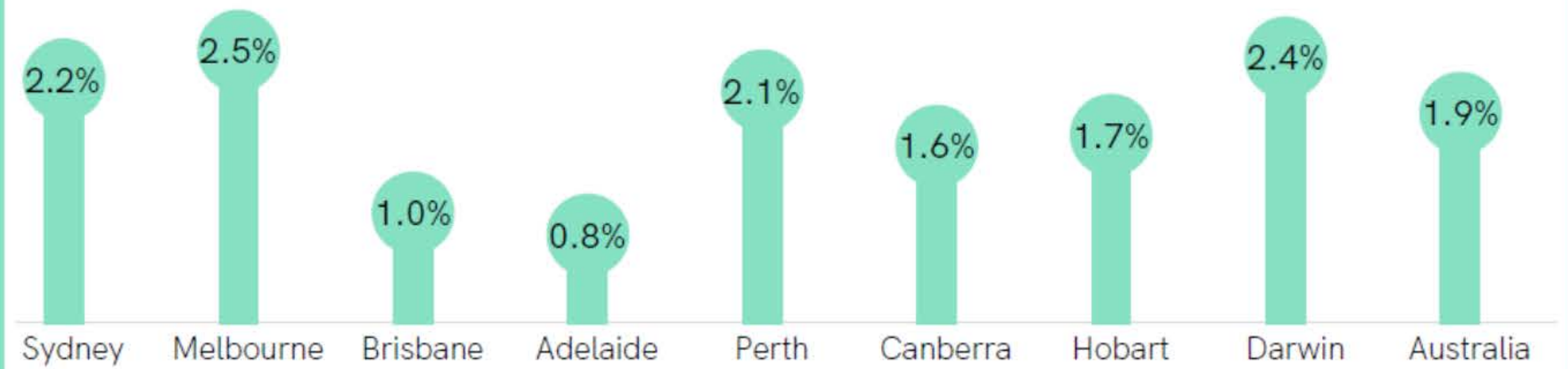
Rental affordability remained stable over the September quarter last year at 24.3%, an overall improvement of 0.5 percentage points compared to the previous year. However, the national average masked significant regional divergence. While affordability improved in New South Wales, Victoria, South Australia, and the Australian Capital Territory, conditions tightened in Queensland, Western Australia, Tasmania, and the Northern Territory.¹⁰

The Australian rental market remains in a state of chronic undersupply. The national weighted average vacancy rate sits at 1.9%, well below the 3.0% benchmark required for a balanced market. This scarcity continues to exert upward pressure on prices. However, the rental landscape across the capital cities remains diverse.

Median sale price (\$'000)



Rental dwelling vacancy rate



REIA Real Estate Market Facts, September Quarter 2025

First Home Buyer Activity

First-home buyer (FHB) activity has increased across most jurisdictions over the last year. Interestingly, price growth is increasingly concentrated at the lower end of the market, compared to higher-priced properties. A sharp diversion emerged following the announcement of the 5% deposit scheme expansion in October last year, which has improved access to home ownership for eligible households and participants.¹¹

The key considerations for a first-home buyer are the deposit and mortgage serviceability, which have become a hurdle for the current generation of home buyers. The continued use of Government Schemes is an important mechanism for lowering barriers to entry and enabling Australians to buy sooner. However, to maximise its effectiveness and ensure broader market stability, this demand-side support should be complemented by stronger supply-side measures to facilitate genuine improvements in access and affordability for first-home buyers.

Housing Supply

Australia's housing construction landscape shows a volatile recovery characterised by a surge in high-density approvals but a persistent gap in overall supply targets. According to the Australian Bureau of Statistics (ABS), total dwelling approvals in November 2025 rose significantly by 15.2% to 18,406 units, a sharp reversal from the declines seen in late 2024. This growth was primarily driven by a 34.1% spike in high-density approvals.¹²

Despite these gains, a significant completion gap persists, and a shortfall may again occur for the second consecutive year. The National Housing Supply and Affordability Council (NHSAC) has forecasted that a cumulative supply shortfall of 262,000 relative to the 1.2 million Housing Accord target by the end of the Accord period, which is larger than the 256,900 supply shortfall forecast in State of the Housing System 2024.¹³

The broader market continues to grapple with skilled labour shortages, high material costs, and a decline in labour productivity over the past decade.

2026 Housing Market Outlook



Looking toward 2026, higher-than-anticipated inflation has shifted market expectations, with the RBA now projected to increase interest rates this year, potentially slowing the pace of further affordability improvements. While rental growth has moderated in certain regions, the underlying shortage continues to exert upward pressure, particularly in states where population growth is outpacing new construction.

The primary hurdle ahead remains a chronic supply-demand imbalance exacerbated by severe structural constraints. Despite a recent surge in high-density approvals, the industry faces a significant projected shortfall in completions compared to national housing targets.

REIA RECOMMENDATIONS

REIA has identified six key areas across the housing spectrum and the property industry that require attention. We have provided both short-term and long-term practical recommendations for the Australian Government to consider in the 2026–2027 budget.

Home Ownership

Overview

Home ownership is a fundamental driver of economic security and a central pillar of Australia's retirement income system. However, declining home ownership rates, especially amongst younger Australians and an increase in long-term renters have become more pronounced in recent years.

With sustained home price growth and increasing affordability pressures, the gap between median incomes and property prices continues to widen. As of the September 2025 quarter, the national median price for houses (the weighted national average of the median prices from the eight Australian capital cities) is currently \$1,130,518.¹⁴

Consequently, renting is no longer a temporary transition phase for many Australians but has become a long-term, and in many cases permanent, reality. Addressing this requires a dual-track approach: ensuring entry-level incentives facilitate market access for new participants, while simultaneously providing existing mortgage holders with flexible tools to manage the rising cost of debt servicing.

Recommendation: Maintain First Home Buyer incentive schemes

The federal government's Home Guarantee Scheme (HGS) has been pivotal in supporting home buyers in entering the property market and has evolved into a critical market mechanism. Following the October 2025 scheme expansion, which removed the "place caps" and "income limits", the scheme is now accessible to a broader range of Australians who possess the income to service a loan but lack the funds required for a traditional 20% deposit. By mitigating the deposit gap, which is the primary barrier to market entry for first-home buyers, the scheme facilitates earlier entry into the market, accelerating the accumulation of housing equity and boosting national home ownership rates.

The Scheme's reach has significantly expanded, supporting over one in three first homebuyers nationally in 2024–25, compared to one in ten in 2020–21. Since the commencement of the scheme, 34,000 households have exited the scheme, as it has provided transitional support into home ownership.¹⁵ This indicates that the HGS serves its intended purpose as a stepping stone, allowing buyers to refinance into traditional lending arrangements once sufficient equity is established.

The Government should continue to fund and promote the HGS as the primary vehicle for overcoming the deposit gap to ensure even more Australians can access homeownership.

Recommendation: Allow voluntary and flexible use of compulsory superannuation to offset mortgage costs

To address the mortgage stress currently impacting millions of households, the government should allow Australians to voluntarily use their compulsory superannuation balances to offset their primary mortgage. High housing costs are a direct threat to the efficacy of the three-pillar retirement system. A debt-free home is the most significant determinant of a dignified and fiscally sustainable retirement.

For many Australians, superannuation represents a significant pool of untapped financial resources. The addition of the flexible use of compulsory superannuation on a voluntary basis to offset mortgages would without doubt provide a major adjustment to housing affordability for those electing to use it. REIA estimates that housing affordability for the individual household will improve by 15.5 percentage points, which is equivalent to housing affordability levels in 2004.¹⁶

The Government should develop a robust regulatory framework that permits the voluntary and flexible application of superannuation balances toward primary residence mortgages. This is a cost-of-living measure that empowers Australians to secure a stable future by investing in their own housing stability.

[14] REIA Real Estate Market Facts (September 2025)

[15] Home Guarantee Scheme Trends & Insights Report 2024–25

[16] REIA Supplementary Submission, Improving consumer experiences, choice, and outcomes in Australia's retirement system (July 2024)

Property Taxation

Overview

The housing sector is one of the most taxed asset classes in the economy. This high tax burden, combined with industry regulation, has exacerbated the housing affordability crisis. Property or housing taxes should be reviewed as part of a broader evaluation of housing reform options, encompassing all tax settings and regulatory frameworks across federal, state, and local levels. A well-designed and fair property tax system can significantly improve both economic productivity and labour mobility, whilst creating a housing market that is responsive to the needs of Australians

An efficient tax policy minimises the distortionary impacts on economic activity. The Henry Review acknowledges that in a constrained housing market, reducing the tax benefits for property investors could, in the short to medium term, reduce investment and thus "place further pressure on the availability of affordable rental accommodation within the private rental market." The review further recommended that tax changes only be implemented after separate reforms to increase housing supply and affordability, due to the adverse impacts on the housing market.¹⁷

Recommendation: Implement phased stamp duty removal by considering efficient and nationally consistent alternatives

Stamp duty, or transfer duty, is one of the most inefficient and inequitable existing taxes in Australia, which imposes mobility restrictions and significant price distortions in the housing market, hindering economic productivity. This tax significantly increases the costs of delivering new homes, restricts household mobility, discourages the efficient use of existing housing stock and imposes a high economic cost.

Consideration should be given to stamp duty reform, phasing it out with nationally consistent and sensible alternatives such as a broad-based consumption tax, land tax, buy now, pay later stamp duty or holistic taxation reform. To implement effective stamp duty reforms, policymakers must consider both short-term and long-term approaches while including a variety of exclusion options to ensure a balanced outcome for households. Phasing out stamp duty in a shorter phase (5 years) is also advantageous compared to a longer phase out, as the longer the phase out, the greater the revenue that needs to be raised to achieve a revenue-neutral swap. In this case, house price growth is likely to be more contained, so that the amount of transfer duty swapped for alternative measures is much smaller.¹⁸

Another critical factor in stamp duty reform is ensuring the transition to nationally consistent alternatives is equitable for all property owners. Different cohorts of property market participants, including homeowners, investors, retirees, and first-home buyers, face distinct financial impacts. To ensure that the distributional effects are minimised, a variety of provisions such as credit schemes for recent buyers, tax deferrals for retirees or an opt-in-opt-out arrangement should be given consideration.

Stamp duty reform is a clear and key government measure that can be aligned with targeted support for downsizers and first-home buyers to provide financial savings and lead to an overall drop in property prices. Replacing this with an efficient alternative ensures that the system works to spread the tax burden more fairly for all property market participants.

Recommendation: Retain current Capital Gains Tax (CGT) Discount and Negative Gearing tax settings

Around 31 per cent or nearly 3 million households in Australia are renters, with 26 per cent of households renting from private landlords. A critical component of housing policy is the property taxation settings that incentivise private investors to supply these tight markets and ensure rents remain affordable. Current arrangements around negative gearing and the capital gains tax (CGT) discount should be maintained to boost housing supply by incentivising the building of new homes and keeping rental prices stable through a steady flow of rental stock.

If CGT and negative gearing incentives were removed, there is a high probability that property owners would seek to recover the lost capital gain incentives through increased rents, which would then be passed on to tenants in an already constrained rental market. Industry research on the economic impacts of changes to capital gains tax and negative gearing finds that this will lead to fewer homes being built, leading to knock-on effects by contraction of jobs, higher rents, and reduced GDP output.

Any measures to reduce or eliminate the 50 per cent CGT discount would see smaller volumes of new home building activity. This could mean having over 33,000 fewer new dwelling starts over five years, representing a contraction of the new supply of dwellings of up to 3.2%. This would have severe impacts on housing affordability. With renters already spending 24.3% of their income on rent payments, a supply shortfall would further exacerbate rental inflation and push first-home buyers out of the market. Similarly, any restrictions on the use of negative gearing will result in fewer new homes being built every year, while the outright abolition of negative gearing would reduce new home building starts by 45,500 over the following five years.¹⁹

Any policy changes that disincentivise investment could destabilise the market, leading to higher rents and reduced housing availability for renters, particularly those in vulnerable economic positions. Therefore, retaining the current CGT and Negative Gearing tax settings is a prudent measure to moderate rent increases, ensure the ongoing delivery of new housing stock, and maintain the rental market's equilibrium.

[19] [Industry research in progress](#)

Rental Affordability

Overview

While rent growth has started to show signs of stabilisation, lower-income renters continue to experience high levels of rental stress, and this has become more persistent.¹³ The rental crisis most acutely impacts vulnerable cohorts, specifically low-income earners, single-parent households, and those reliant on income support. Australian Institute of Health and Welfare (AIHW) data reveal that one in five (20.5%) households in the rental market were low-income households in financial stress, compared with homeowners with a mortgage (14.7%) and homeowners without a mortgage (0.3%).²⁰

Affordable rent on pensions and benefits

	Sep 25	Sep 24	Sep 05
Sydney	17.1%	15.2%	22.1%
Melbourne	22.7%	20.1%	25.6%
Brisbane	20.8%	20.1%	23.5%
Adelaide	20.8%	19.4%	25.6%
Perth	18.6%	17.6%	26.2%
Canberra	19.2%	17.3%	19.2%
Hobart	21.9%	20.3%	25.0%
Darwin	18.3%	17.1%	20.6%
Cap City	19.5%	17.7%	23.7%

Commonwealth rent assistance as a proportion of weekly rent (3 bed house)

	Sep 25	Sep 24	Sep 05
Sydney	17.1%	15.2%	22.1%
Melbourne	22.7%	20.1%	25.6%
Brisbane	20.8%	20.1%	23.5%
Adelaide	20.8%	19.4%	25.6%
Perth	18.6%	17.6%	26.2%
Canberra	19.2%	17.3%	19.2%
Hobart	21.9%	20.3%	25.0%
Darwin	18.3%	17.1%	20.6%
Cap City	19.5%	17.7%	23.7%

REIA Housing Affordability Report, September Quarter 2025

Recommendation: Expand the Commonwealth Rental Assistance (CRA)

Commonwealth Rent Assistance (CRA) remains the Federal Government's primary and most scalable demand-side lever to alleviate housing stress. While the government continues to invest in the CRA program, current payment levels have failed to keep pace with the high growth of market rents.

Over the September quarter 2025, the maximum CRA payment ranged from \$70.67 per week for a single sharer, to \$140.77 per week for a family with 3 or more dependent children. Without CRA, 72.6% of low-income households would fall into rental stress. However, 41.8% of low-income households receiving CRA still remain in stress even after receiving the payment as of the end of June 2024.²¹ This highlights that current thresholds are no longer fit-for-purpose.

Evidence-based research shows that CRA is a critical investment in social mobility. Increased CRA payments are linked to a lower risk of children experiencing homelessness later in life and a higher probability of university attendance, effectively breaking the cycle of intergenerational disadvantage. It also ensures that families can utilise CRA payments to choose better homes in good neighbourhoods, directly ensuring the best outcomes for their children in the future.²²

While the government announced changes to the CRA in previous budgets, it must be pegged to market rentals to continuously support renters, particularly vulnerable cohorts.

[20] Australian Institute of Health and Welfare, Housing Affordability Data Dashboard 2025

[21] Productivity Commission, Report on Government Services 2025/2026 - Part G: Housing and Homelessness

[22] AHURI, The impact of CRA on low-income privately renting parents and children (September 2025).

Regulation on Small Businesses

Overview

The Australian real estate sector is a vital component of the national economy, yet it remains highly susceptible to financial crime. While the AML/CTF reforms are necessary in ensuring the integrity of the Australian financial system and meeting the international standards set by the Financial Action Task Force (FATF), small businesses may face disproportionate challenges in ensuring compliance. As Tranche 2 entities prepare for compliance starting 1 July 2026, it is essential to ensure that compliance obligations are practical and proportionate for businesses in the real estate sector, while also minimising opportunities for money laundering, terrorism financing, and proliferation financing.

The real estate services sector is dominated by small businesses, accounting for 11.5% of Australia's 2.59 million small businesses.²³ Unlike larger financial institutions or other Tranche 2 entities, these agencies face acute capacity constraints and the highest upfront compliance costs of any newly regulated sector, necessitating a targeted approach to regulation and support.

As the peak body for real estate professionals, we have been working closely with AUSTRAC on the Rules, Guidance and Awareness Campaign through multiple consultations and submissions from the end of last year; however, there still remains a significant lack of awareness for both industry and consumers. Nevertheless, AUSTRAC has continuously engaged with industry on the finalisation of the Rules, Guidance and educational awareness campaigns.

By working closely with industry stakeholders, the government can develop practical solutions in tandem with the needs of the sector. Targeted support to industry can alleviate the financial, administrative and workforce pressures associated with compliance. This approach not only encourages greater adherence to AML/CTF requirements but also ensures that small agencies can maintain their operations without compromising service quality or translating the increased costs to customers.

Supporting compliance in this way strengthens the sector's resilience and ability to service Australian homeowners and renters while contributing to broader national efforts to combat money laundering and terrorism financing effectively.

[23] National Small Business Strategy (2025).

Recommendation: Fund targeted education, support and guidance for frontline AML staff to meet Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) and Privacy Act obligations

Our main concern in the regime is the interaction between a real estate agent and their client, the consumer, throughout the real estate transaction process and the overall preparedness of both industry and consumer. Beyond administrative, compliance and training costs, a critical "skills gap" exists due to the industry's relatively low barrier to entry. While other Tranche 2 entities like law and accounting require graduate-level qualifications, the minimum requirement for a real estate agent is a Certificate IV. This leaves frontline staff inherently less equipped to handle complex regulatory reporting. Compounding this is a significant trust deficit, as the 2025 Ethics Index ranks real estate agents as the least ethical profession,²⁴ which creates immediate friction when agents attempt to perform Customer Due Diligence (CDD) on buyers. Since agents have no formal commercial agreement with a buyer, they lack the necessary levers to compel the disclosure of sensitive information, leading to potential non-compliance through no fault of the agency.

REIA is very keen to play its part in ensuring both awareness and compliance within the real estate industry and also among consumers. This involves support for the industry and both a consumer and industry awareness campaign. To address the challenges outlined, the Federal Government should provide targeted funding and training grants to assist in professional development.

REIA requests that the Federal Government consider funding our Real Estate Institute members to assist in the training and professional development of real estate professionals in the lead up to 1 July 2026. REIA requests training grants, which will greatly assist in the capacity to deliver strong industry awareness and outcomes. Our Real Estate Institutes are well-placed to assist AUSTRAC in ensuring the real estate sector's transition to compliance by way of awareness and training.

Workforce Capability

Overview

Real Estate Services is the largest sector in the Rental, Hiring and Real Estate Services industry, with a workforce of 157,000 professionals.²⁵ Within this sector, property management serves as the backbone for the nation's housing market. The property manager workforce is indispensable, overseeing an estimated 80% of the nation's rental properties, which equate to approximately 2.7 million homes. Their responsibilities include management of property maintenance, rent collection, tenant management and recruitment as well as regulatory compliance.

Property managers are custodians of the rental housing market. With nearly a third of the population (27% as of the 2021 Census) living in private rentals, the effective management of these assets is essential for providing stable housing to millions of Australians. Despite the indispensable function of this sector, it is facing a significant and ongoing shortage of skilled professionals. Due to a range of factors, including increased compliance, lack of training, and intergenerational lag, real estate agencies are currently facing a shortage of experienced property managers in both Australia's cities and regions.

The demand for qualified property managers remains high, as there are currently approximately 3,500 job advertisements posted on Seek for the role,²⁶ which is equivalent to 9% of the 39,200 Australians working as property managers. Furthermore, the role requires flexibility in hours worked, as employees will often need to work overtime and on weekends to assist both tenants and landlords due to the nature of the role.

This high volume of vacancies points directly to a critical challenge in attracting and retaining talented professionals. The current workforce deficit poses a considerable risk to the quality of service, compliance standards, and the overall sustainability of the rental market. Looking ahead, this workforce deficit is projected to intensify, with the government's target to deliver 1.2 million new homes that will significantly increase the nation's housing supply. As a substantial portion of new housing stock is expected to enter the private rental market, this will increase the current housing supply, directly increasing the demand for skilled property managers to oversee additional properties.

ASQA

JSA

DEWR

Recommendation: Introduce apprenticeship incentives and prioritise skilled migration pathways for the Property Management workforce

REIA strongly recommends the inclusion of Property Managers (ANZSCO Code: 622131) on the 2025 Core Skills Occupations List (CSOL) or as an occupation that forms the skilled migration pathway. The current exclusion of this role from skilled migration pathways prevents agencies from accessing a global talent pool to alleviate local shortages. Facilitating skilled migration would provide immediate relief to agencies in both metropolitan and regional areas that are currently unable to meet the demand for property management services.

Beyond migration, long-term workforce sustainability requires robust domestic growth. REIA advocates for the introduction of apprenticeship incentives specifically targeted at the property management sector. By lowering the financial barriers for agencies to take on trainees and providing structured pathways for professional development, the government can help transition the workforce from its current entry-level "Certificate IV" status toward a more highly skilled and resilient profession. These dual pillars, skilled migration and apprenticeship support, are essential to ensuring that Australia's residential property sector remains professionally managed and legally compliant.

^[25] Jobs and Skills Australia, Rental, Hiring and Real Estate Services
^[26] Seek, Property Manager Role Overview (January 2025)

Sustainability

Overview

The Government accelerated its commitment to climate action by setting an ambitious interim target to reduce emissions by 62–70% by 2035, a critical milestone on the pathway to Net Zero by 2050. Under the government's Net Zero Plan, the built environment is one of 6 sector plans under the Australian Government's Net Zero Plan and is a primary focus for decarbonisation.

In Australia, the residential sector represents a huge opportunity for climate action, accounting for 24% of electricity use and roughly 11% of national greenhouse gas emissions. However, the vast majority of Australia's housing stock remains inefficient as the average energy rating for existing homes is currently estimated at less than 3 stars out of 10.²⁷ Thermal upgrades combined with appliance electrification and solar PV could save households \$1,690 to \$2,002 annually, which represents a 43–51% reduction in energy bills and cuts carbon emissions by up to 2.3 tonnes per home annually.²⁸ This lack of energy-efficient performance in homes leaves both renters and homeowners vulnerable to extreme weather and escalating energy costs.

Against this backdrop, the transition to mandatory disclosure of residential energy performance is increasingly recognised as a necessary reform to support the Government's climate, cost-of-living and housing objectives. Homeowners and renters frequently lack the data necessary to make informed choices about energy performance. Mandatory disclosure would correct this information asymmetry, enabling households to factor energy costs and comfort into housing decisions, driving demand for more efficient homes, and supporting emissions reduction at scale.

Real estate agents are the essential stewards of this transition, uniquely positioned at the intersection of consumer decision-making and property management. Addressing this issue is critical to ensuring that homeowners, renters and small businesses, have fair and equitable access to sustainable energy options and can participate in the transition to NetZero.

Recommendation: Position real estate agents as trusted advisors to facilitate both data collection and uptake of residential energy efficiency incentives

Alongside all levels of government, the real estate sector is uniquely positioned to drive the widespread adoption of energy-efficient homes, supporting affordability, job creation, and long-term economic growth while reducing emissions. Utilising real estate agents offers a highly scalable and efficient mechanism to not only collect energy efficiency data nationwide but also provide quality advice on energy efficiency to clients, particularly at the critical points of property sale and lease.

Agents currently play a vital role in shifting market expectations, improving transparency and accelerating the upgrades to energy-efficient features amongst consumers. Through market education and advocacy, they have the ability to foster greater demand for sustainable homes, ensuring energy performance becomes a key consideration in property decisions. By formalising data collector pathways for agents, the industry can leverage a workforce that is already on-site and serve as a vital link between consumer and government.

Additionally, agents, as current implementers of the mandatory disclosure scheme, have the responsibility to follow the quality assurance measures of the relevant assessment process and play a key role in the dissemination of information and advice to building owners and occupants. This trusted advisor status allows agents to guide consumers on how specific upgrades can increase property value and the long term health benefits associated. By empowering agents to provide property sustainability information, the government can turn the real estate sector into a powerful engine for Australia's Net Zero future.

[27] NatHERS, Existing Homes Delivery Model 2025

[28] Climateworks Centre, Climate-ready homes: Building the case for a renovation wave in Australia (2023)

CONCLUSION

REIA thanks The Treasury for the opportunity to contribute to the 2026-2027 Federal Budget consultations. As Australia navigates a complex economic landscape, the recommendations outlined in this submission provide a strategic roadmap to enhance housing affordability, support small businesses, and ensure the long-term sustainability of the property sector.

To effectively address the housing crisis, the Australian Government must adopt a multi-faceted approach that balances immediate relief with structural reform. Furthermore, by investing in workforce capability and empowering real estate professionals to lead on energy efficiency, the Government can drive progress toward Net Zero targets while alleviating the red tape burden on small businesses.

Ultimately, a collaborative effort between all tiers of Government and industry stakeholders is essential to ensure a prosperous and sustainable economy for all.



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