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# Independent Polling on Investor Motivations – May 2023

**Overview**

Independent polling was conducted in May 2023 by Painted Dog Research group operating in line with the international standard for market, opinion and social research (ISO 2052). The survey was conducted Thursday 18/05/23-Tuesday 23/05/23, with a split of WA Metro (80%) & Regional (20%) responses. The sample size was n=804 including 168 current investment property owners. The quota sampled and post weighted to be representative of WA 18+ population.

The polling covered nine issues relating to investor motivations, investor understanding of their current rights, and level of community support for reforms to the Residential Tenancies Act..

**Findings**

**ISSUE 1: MOTIVATION TO INVEST**

**QU: What motivated current owners of investment property in WA to invest in property?**

| Table 1: Motivation to invest | | |
|---|---|---|
| **What motivated you to invest in property?** (SHWA16) | Setting myself / my family up for the future | **58%** |
| | Steady income stream / rental Income | **36%** |
| | Secure investment / secure place to store money | **34%** |
| | Tax benefits | **25%** |
| | Capital gains | **22%** |
| | Provide housing to family member(s) | **18%** |
| | To rent it out temporarily (before developing further / moving in) | **17%** |
| | Satisfaction with tenancy laws / regulatory environment* | **8%** |
| | Other (please specify): | **3%** |

*Given respondents could select multiple reasons, it's even more powerful that regulatory reform was so low.

## ISSUE 2: BARRIERS TO NEW INVESTORS

**QU: What do investment property owners believe would be the biggest barrier to a new investor coming into the market right now?**

| Table 2: Barriers to new investors | | |
|---|---|---|
| **In your view, what would be the biggest barrier to a new investor coming into the market right now?** (SHWA17) | Increased investment costs / house prices | **41%** |
| | High / increasing interest rates | **31%** |
| | Low availability / demand of houses / properties on the market | **16%** |
| | Tenancy laws / government changes (e.g., property changes, rental caps, terminations etc)** | **10%*** |
| | Uncertainty in the market generally / volatility (e.g., house prices) | **6%** |
| | High / excessive taxes (e.g., capital gains taxes, removal of negative gearing)) | **5%** |
| | Bad tenants (e.g., not looking after the property etc) | **5%** |
| | Increased cost of living (e.g., inflation etc) | **3%** |
| | Lack of understanding / research / financial literacy | **3%** |
| | Poor investor protections (e.g., from bad tenants) | **3%** |
| | Tighter lending restrictions from banks | **3%** |
| | Stamp duty costs | **2%** |
| | Build time of a new home | **2%** |
| | Cost of maintaining property | **2%** |
| | Lack of incentives to invest in the market (e.g., no tax incentives) | **2%** |
| | Cost of building | **2%** |
| | Poor capital gains | **2%** |
| | Poor quality of new builds | **1%** |

**In relation to this answer, it's crucial to note that the raw verbatim answers provided by respondents listing "tenancy laws" as a barrier to new investors demonstrated a lack of understanding about the rights and protections landlords currently enjoy, and/or a fear that current rights will be lost under the proposed reforms.

For example, respondents stated:

- *"Poor protection for the investor, tenants can ruin a property with little consequence."*
- *"Landlords having less rights & so-called rent freezes".*
- *"Tenants have more rights than the landlord - Investment property is untenanted and will remain so."*
- *"Changes to real estate laws the owner seems to no longer own house."*

Our conclusion is the figure of 10% is artificially high due to a lack of understanding amongst investors around the strong rights they already enjoy.   .

**ISSUE 3: INTENTIONS WITH CURRENT INVESTMENT PROPERTY**

The survey asked residential investment owners with a property that is currently tenanted (n=168) about their current intentions with the property.

| Table 3: Intention with current rental property | | |
|---|---|---|
| **Which of the below apply to you…** (SHWA18) | I am currently considering selling my investment property in the next 12 months | **31%** |
| | I have previously sold an investment property in the last 3 years | **17%** |
| | My investment property is currently in the short-term rental market (e.g., Airbnb) | **5%** |
| | None of the above | **54%** |

**ISSUE 4: REASONS WHY CURRENT INVESTORS ARE CONSIDERING SELLING**

**Qu: Why are you considering selling your investment property?**

| Table 4: Reasons for considering selling rental property in the next 12 months | | |
|---|---|---|
| **Why are you considering selling your investment property?** (SHWA18-N12M) | A good time to sell / high house prices | **18%** |
| | Lack of capital gains / cost too high / cutting our losses (*"The cost is too high so we're cutting our losses"*) | **17%** |
| | To purchase a different investment property / have other properties | **14%** |
| | Interest rate increases | **13%** |
| | Stress of ownership / being a landlord | **10%** |
| | To pay off / service another mortgage | **9%** |
| | Poor experience with tenants (e.g., damage, loss of rental income) | **9%** |
| | Financial issues / impact of increasing cost of living / change of circumstances | **8%** |
| | Can invest in other things (e.g., share market / super) | **8%** |
| | Cost of overheads (e.g., insurance, rates, land tax) | **8%** |
| | No reason / don't know | **5%** |
| | Cost of repairs / maintenance | **3%** |
| | Rental increases not keeping up with interest rate increases | **2%** |
| | Tenancy law reforms | **0%** |

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## ISSUE 5: REASONS FOR ACTUAL SALE IN LAST THREE YEARS

**Qu: Why are you considering selling your investment property?**

| Table 5: Reasons for actual sale in last three years | | |
|---|---|---|
| **Why are you considering selling your investment property?** (SHWA18-N12M) | Financial issues / impact of increasing cost of living / change of circumstances | **19%** |
| | To purchase a different investment property / have other properties. | **15%** |
| | Lack of capital gains / cost too high / cutting our losses | **14%** |
| | To pay off / service another mortgage | **11%** |
| | Interest rate increases | **10%** |
| | Poor experience with tenants (e.g., damage, loss of rental income) | **9%** |
| | A good time to sell / high house prices | **8%** |
| | Better return on investment | **3%** |
| | Cost of repairs / maintenance | **3%** |
| | Stress of ownership / being a landlord | **3%** |
| | Specific issues with the location (e.g., neighbours) | **3%** |
| | Negative experience re tenancy laws (e.g., favour the tenant over landlords too often) | **3%** |

## ISSUE 6: REASONS FOR ENTERING THE SHORT STAY (EG AIRBNB) MARKET

**Qu: What are the reasons you have entered your investment property onto the short-term market (e.g., Airbnb)?**

| Table 6: Reasons for entering short term rental market (e.g. Airbnb) | | |
|---|---|---|
| **What are the reasons you have entered your investment property onto the short-term market (e.g., Airbnb)?** | Better rental income available / "extra money" | **40%** |
| | No reason provided** | **20%** |
| | Tourist surge / Increased tourism | **20%** |
| | Better tenants | **20%** |

** We have sought further information on this grouping.

**ISSUE 7: INCENTIVES TO BRING RENTALS BACK INTO THE LONG-TERM RENTAL MARKET**

**Qu: What incentives would be likely to bring you back onto the long-term rental market?**

| Table 7: Incentives to bring back rentals into the long-term rental market | | |
|---|---|---|
| What incentives would be likely to bring you back onto the long-term rental market? | Better rental income or greater return on investment | **40%** |
| | Unsure | **20%** |
| | An increase in tourism | **20%** |
| | Legislation | **20%** |

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**ISSUE 8: INVESTOR UNDERSTANDING OF THEIR RIGHTS – INCLUDING GROUNDS FOR EVICTIONS**

**Qu: Below is a list of some potential grounds for tenant eviction. Please select which ones you believe are true.**

**Table 8: Investor understanding of current grounds for eviction**
(**Note all of the grounds listed are prescribed grounds under the Residential Tenancies Act 1987)

| | | |
|---|---|---|
| **Which of these reasons do you think are true?** | Without grounds evictions | **25%** |
| | Undue hardship where landlord suffers significantly if they have to continue with tenancy | **39%** |
| | Breach by tenant causing a nuisance to neighbours | **49%** |
| | Sale of premises (property has been sold by landlord) | **53%** |
| | Breach by tenant for not keeping property reasonably clean | **53%** |
| | Breach by tenant for unauthorised pets | **55%** |
| | Additional provisions for social housing tenancies | **56%** |
| | Mortgagee repossession where bank or mortgagee terminates | **60%** |
| | Abandoned property where landlord suspects the tenant has abandoned or won't return to the property | **68%** |
| | Frustration - where property is uninhabitable due to natural disaster for example | **68%** |
| | Breach by tenant for changing the locks or unauthorised changes | **71%** |
| | Breach by tenant for unauthorised subletting | **77%** |
| | Breach by tenant using the premise for illegal purpose | **83%** |
| | Breach by tenant for rental arrears | **84%** |
| | Breach by tenant causing serious damage to the property or people | **85%** |

**<u>ISSUE 9: SUPPORT FOR REFORMS OVERALL</u>**

**Recently, proposed changes to the Residential Tenancies Act have been reviewed. To what extent do you support or oppose the following?**

**Ensuring that tenants can't be evicted without a valid reason**

- 74% overall support (44% strongly support)
- 66% overall support by current investors
- Only 18% of investors oppose (incl 9% strongly oppose)

**Having a clear list of grounds to evict a tenant**

- 86% overall support (59% strongly support)
- 78% overall support by current investors
- 9% of investors oppose

**Introducing Minimum standards to rental properties (e.g., insulation, adequate and efficient heating)**

- 80% overall support (51% strongly support)
- 66% overalls support by current investors
- Only 12% of investors oppose (incl. 1 % strongly oppose)

**Limiting rent increases to once per year**

- 79% overall support (52% strongly support)
- 60% investors support overall
- 20% of investors oppose

**Introducing some type of rent stabilisation mechanism (e.g., limiting rent increases to CPI)**

- 70% support (40% strongly)
- 47% overall support by investors and another 17% neither support or oppose
- 17% of investors strongly oppose

*These findings demonstrate strong agreement on all proposed changes – most strongly among the younger age groups.*

Raw data for all questions can be provided on request to Sara.Kane@anglicarewa.org.au