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MEDIA RELEASE

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Victoria's 81,000 lost homes

Victorians have lost out on 81,000 much-needed new homes and 90,000 jobs since the state government introduced a suite of cash-grabbing, investment-killing taxes almost a decade ago: according to new research into the state's housing crisis by the Property Council of Australia.

The independent research, prepared by Australian Economic Advocacy Solutions (AEAS), provides ten years of evidence that the state's short-sighted and small-minded tax regime on international capital has hurt Victorians and exacerbated the state's housing crisis.

"These apartment-killer taxes were sold to Victorians as a solution to a perceived influx of overseas buyers looking to crowd them out of housing. In reality, they've put the handbrake on housing delivery," said Cath Evans, Victorian Executive Director of the Property Council of Australia.

"These ill-considered taxes have only worsened Victoria's housing issues by driving away the global capital that backs Australian-based developers who deliver new homes at scale and bring community-building projects to life."

"The independent report also found total international investment, critical in delivering Victorian homes, has fallen 85.6 per cent since the tax regime was introduced in 2015, resulting in the state's economy losing out on an estimated \$93 billion and nearly 90,000 local jobs."

"Many of the companies that rely on international capital to fund their projects are household names, have been based in Victoria for decades, and employ thousands of Victorians," Ms Evans said.

“So not only have these taxes killed off homes, but they’re also killing off Victorian jobs. Ironically, the state has also lost out on revenue to the tune of nearly \$200 million in stamp duty and land tax since the introduction of these taxes.”

“It’s no wonder boardrooms around the country, and the world, are looking at Victoria and shaking their heads in disbelief, because despite all the promise and potential, the state’s tax settings are effectively a big “you’re not welcome” sign to international capital.”

“If we want to reach our housing targets and grow our economy, we need to welcome international capital and ideas that support growth and better living.”

“We are simply asking for a fair go for these Australian-based companies, so they can get on and do what they do best – funding job-creating local projects and producing new homes.”

The Property Council’s pre-budget submission delivered to the Victorian Government in December 2024 provided a roadmap to improve investment and housing growth in the state.

“The Property Council is calling for the immediate suspension on both the Foreign Purchaser Additional Duty and Absentee Owner Surcharge.”

The Property Council is also urging both the Government and Opposition to commit to a tax review that will:

- Revise exemption guidelines for better alignment with current economic needs
- Introduce tax thresholds to adjust for rising property prices and ensure revenue neutrality, and
- Commit to no further increases in property taxes to stabilise the investment climate

The independent research presented in the Property Council’s report, “Measuring the Economic Impact of Victoria’s foreign purchaser additional duty and absentee owner surcharge”, was prepared by the leading independent research provider AEAS.

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