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PIPA questions APRA's moves to dampen property investment activity

2 June 2015: The Property Investment Professionals of Australia (PIPA) has reignited its calls to the federal government and industry regulators to address the need for improved consumer awareness and comprehensive regulation of the property investment industry, following APRA's recent moves to dampen property investor activity via lending restrictions.

Many banks, including the big four, have tightened their lending to property investors over the past couple of weeks, as a result of APRA's intervention, either changing their lending criteria or charging investors more to take loans with them.

Ben Kingsley, Chair of PIPA, said APRA's approach was not the sound solution to cooling the Sydney and Melbourne property markets for the long-term.

"While we welcome and endorse a responsible approach to lending, we are concerned about APRA's market intervention and don't believe their lender-by-lender approach is the most effective means to control the property market," he said.

"We recognise that marketplaces like Sydney and Melbourne are posing concerns, as new and existing investors are potentially speculating in trying to capitalise on boom conditions, and we have been active in warning consumers to be careful about this.

"However, there are plenty of other property markets in Australia and these measures are an unfair imposition on investors who want to invest in other parts of our country."

Mr Kingsley said there were two more immediate measures authorities should take to create a more sustainable property investment industry.

"The government, APRA, ASIC, RBA and the state consumer affairs departments need to join forces and invest in a consumer education campaign to explain to Australian investors the truths about property investment. Only with a clear understanding of the market can investors make more informed decisions," he said.

"Not every property makes a sound property investment and in this upswing cycle there will be many who will lose money. We need to teach Australians about this as well as encourage them to seek professional investment advice to limit this from happening."

In addition to consumer awareness and education, Mr Kingsley said the current market conditions had reaffirmed the need for a comprehensive regulatory framework for property investment.

"I can guarantee you, once losses are experienced in the next few years, those consumers will want to blame someone and will look to blame the government for not protecting them - even if they made their investment decision themselves or bought via a property spruiker."

“The government needs to be proactive and make progress on putting a minimum standard of education or qualification in place for those providing property investment advice, so we can be sure that Australian investors, who are looking for support to make well-informed investment decisions, can receive the same level of appropriate guidance provided to anyone investing in other assets, such as equities, to avoid a post-boom mess.”

Mr Kingsley added that the property investment industry was an invaluable contributor to economic growth that deserves appropriate recognition and consultation.

“The property investment industry employs tens of thousands of workers, both directly and indirectly and is an important component of the Australian economy. The government and regulatory bodies need to come together and invest the appropriate time and resources so that we can develop a more well-balanced, sustainable property industry for the future.”

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About PIPA

Property Investment Professionals of Australia (PIPA) is a not-for-profit association established by industry practitioners with the objective of representing and raising the professional standards of all operators involved within property investment.

Since its inception, PIPA has developed codes of ethics and conduct and professional standards of accreditation and education for the property investment industry, including a Property Investment Adviser Accreditation Course.

PIPA is actively lobbying the federal government to bring property investment advice into a regulatory framework. Until such regulation is introduced, PIPA will continue to provide the public with warnings about working with ethical and professional industry practitioners.

For more information visit www.pipa.asn.au