

# PIPA Annual Investor Sentiment Survey 2021



# Introduction

Welcome to the 2021 PIPA Annual Property Investor Sentiment Survey – Australia’s most comprehensive snapshot of the nation’s property investor community.

This survey is a detailed portrait of Australia’s residential property investors and how they think and feel at the present time.

When we think back to last year, which was a time of much fear and uncertainty, it’s clear that property investors and the market in general has weathered that turbulent period better than anyone dared to hope.

That said, last year’s survey did forecast the strong property price growth that lay ahead, it’s just that not many people believed us at the time!

This year’s survey found that nearly 62% of investors believe that now is a good time to invest in residential property, which is down from 67% in 2020, and may be due to the high property price growth this year as well as significant lockdowns taking place at the time of the survey.

Nearly 21% of respondents (up from 17% in 2020) say COVID19 has made them consider moving to another location with the main reasons being improved lifestyle factors (78% - same as last year), working from home in the future (42% down from 46% in 2020), and housing affordability (36% down from 40% last year).

However, about 25% of respondents said their motivations to move include not wanting to live in crowded cities anymore as well as wanting to live somewhere that had fewer coronavirus cases and lockdowns.

When it comes to the top property investment locations, Queensland has emerged as the winner by a serious margin.

A staggering 58% believe that the Sunshine State offers the best property investment prospects over the next year – up from 36% last year. New South Wales was second at 16% (down from 21% in 2020) and Victoria was third at 10%, which is down significantly from 27% last year.

However, most investors are still tipping metropolitan markets as offering the best investment prospects at nearly 50%, followed by regional (25%) and coastal (21%).

About 38% of investors say the pandemic has made it more likely that will buy a property in the next 12 months (down from 45% last year), however, nearly 29% say it had made them less likely to do so (up from 21% in 2020).

The pandemic continues to make it less likely that investors will sell a property over the next 12 months according to 59% of respondents (down from 71% last year). However, about 18% (up from 7% in 2020) said it had made them more likely to sell in the next year, which is also likely due to the strong property price growth that has occurred since the last survey.

Virtually all (92%) investors continue to believe that any provider of property investment advice should have completed formal training or education.

Our sincere thanks go to the 786 investors who participated in the survey.

*Peter Koulizos*

PETER KOULIZOS,  
CHAIR, PROPERTY INVESTMENT PROFESSIONALS OF AUSTRALIA



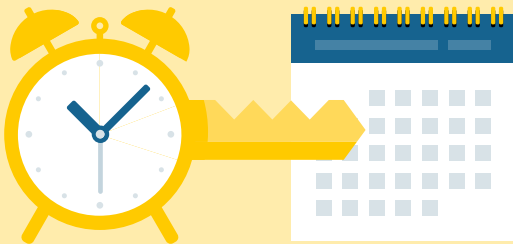
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Property investors and the market in general has weathered the last year’s turbulence better than anyone dared to hope.

# Summary of key findings

## Investors still believe it's a good time to invest

**62%** of investors believe now is a good time to invest in residential property, which is down from 67% in 2020, and may be due to high property price growth as well as significant lockdowns taking place at the time of the survey.

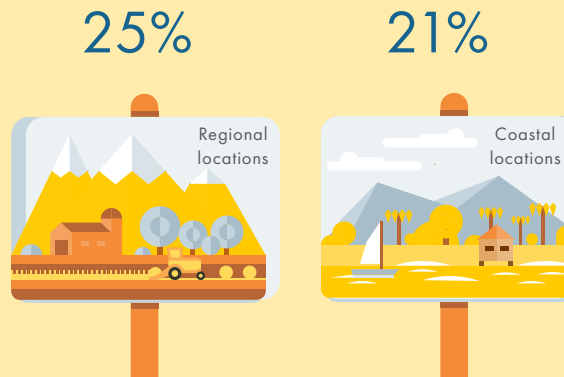


## More investors considering selling

The pandemic continues to make it less likely that investors will sell a property over the next 12 months, according to 59% of respondents (down from 71% last year). However, about 18% (up from 7% in 2020) said it had made them more likely to sell.



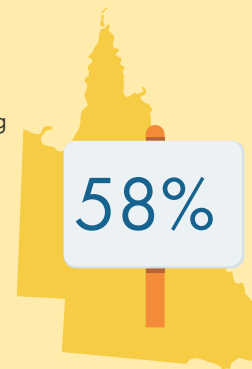
## Regional and coastal markets in growing demand



While investors continue to tip metropolitan markets as offering the best investment prospects at nearly 50% (but down from 61% in 2020), regional markets are in favour with 25% of investors (up from 22%) as well as coastal locations with 21% of survey respondents (up strongly from 12% last year).

## Sunshine State offers best investment prospects by a big margin

Queensland has emerged as the winner by a serious margin with a staggering 58% of investors believing the Sunshine State offers the best property investment prospects over the next year – up from 36% last year. New South Wales was second at 16% (down from 21% in 2020) and Victoria was third at 10%, down significantly from 27% last year.



## Investors are seeking out qualified advisers

**92%** Virtually all (92%) investors continue to believe that any provider of property investment advice should have completed formal training or education.



## Property investors remain optimistic about market but fewer looking to buy

About 62% of investors believe that now is a good time to invest in residential property, which is down from 67% in 2020.

About 29% of investors purchased a property over the past 12 months, the same as in 2020, but down from 34% in the 2019 survey.

About 35% of investors are looking to purchase a property in the next six to 12 months, down from 44% in 2020 and well down on the 48% recorded in 2019.

The overwhelming majority of respondents are investment veterans who have purchased several properties in the past – 46% hold two to four properties in their portfolio, while another 20% hold five to 10. About 20% of investors only own one investment property. This was similar to the 2020 results.

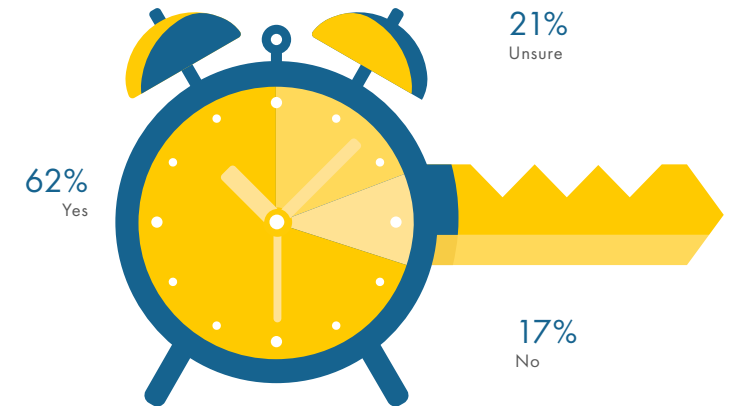
That said, there was good representation from first-time investors. Of all respondents who purchased in the past 12 months, 16% purchased their first investment property in the year – down from 29% last year.

Of these first-time purchasers, 81% purchased an existing property (same as last year) while 19% purchased new or off-the-plan (up from 12% in 2020). No survey respondents indicated they had purchased vacant land over the past year.

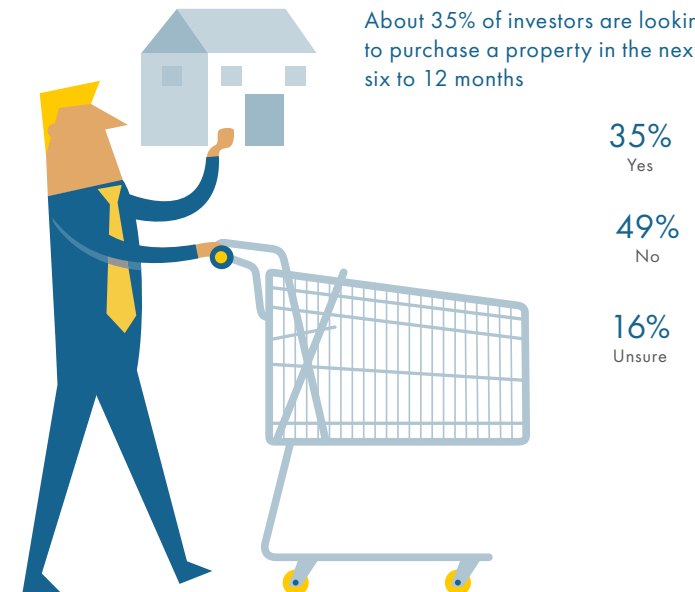
The rise of the rentvestor is well and truly established in this cohort. Among the first-time investors, more than 37% (down from 44% last year) identified as renting elsewhere while the remaining 63% owned the home they lived in.

Around 31% of property investors have some form of idea, plan, or strategy around their investing, with nearly 21% having a detailed and modelled plan designed to match long-term investment goals.

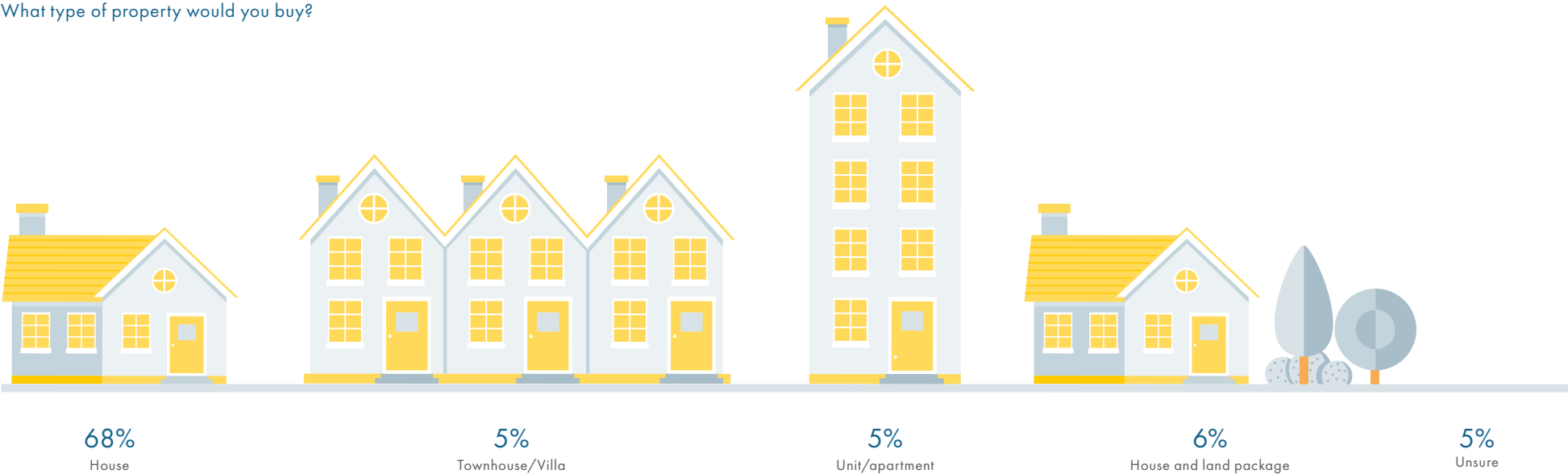
Do you believe now is a good time to invest in residential property?



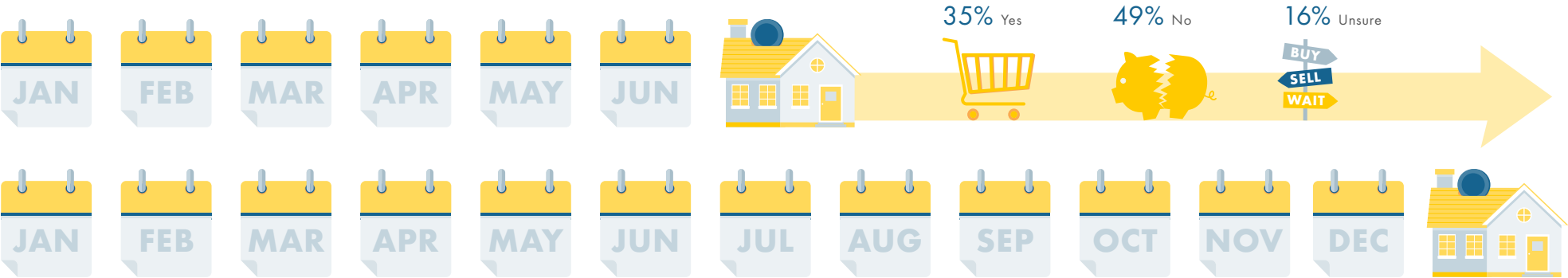
About 35% of investors are looking to purchase a property in the next six to 12 months



What type of property would you buy?



Are you looking to purchase an investment property in the next 6-12 months?



## Investors remain open to move to other locations with regions set to benefit from plenty of new residents

About 38% of investors say the pandemic has made it more likely that will buy a property in the next 12 months (down from 45% last year), however, nearly 29% say it has made them less likely to do so (up from 21% in 2020).

The pandemic continues to make it less likely that investors will sell a property over the next 12 months, according to 59% of respondents (down from 71% last year).

However, about 18% (up from 7% in 2020) said it had made them more likely to sell in the next year, which is also likely due to the strong property price growth that has occurred since the last survey.

Nearly 21% of respondents (up from 17% in 2020) say COVID19 has made them consider moving to another location with main reasons being improved lifestyle factors (78% - same as last year), working from home in the future (42% down from 46% in 2020) and housing affordability (36% down from 40% last year).

However, about 25% of respondents said their motivations included not wanting live in crowded cities anymore as well as wanting to live somewhere that had fewer coronavirus cases and lockdowns.

Regional locations are likely to continue to benefit from plenty of new residents it seems with investors indicating their top locations to migrate to are regional NSW at 28% (up from 21% last year), Brisbane at 22% (up from 16%), regional Qld on 17% (18% in 2020), and regional Vic on 13% (compared to 14% last year).

About 43% of investors say their property investment or portfolio is in positive cash flow territory.

For those investors with negative cash flow, more than 60% believe their portfolio will become positively geared within five years.

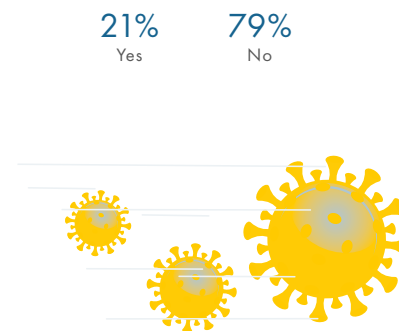
Has COVID-19 and strong market conditions made it more or less likely that you will buy property within the next 12 months?



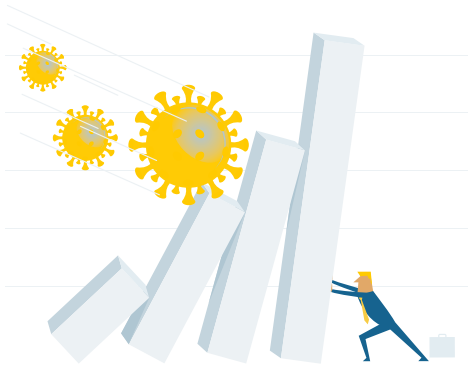
About 43% of investors say their property investment or portfolio is in positive cash flow territory.



Has the pandemic made you consider moving to another location?



What is currently the biggest concern for you as a property investor?



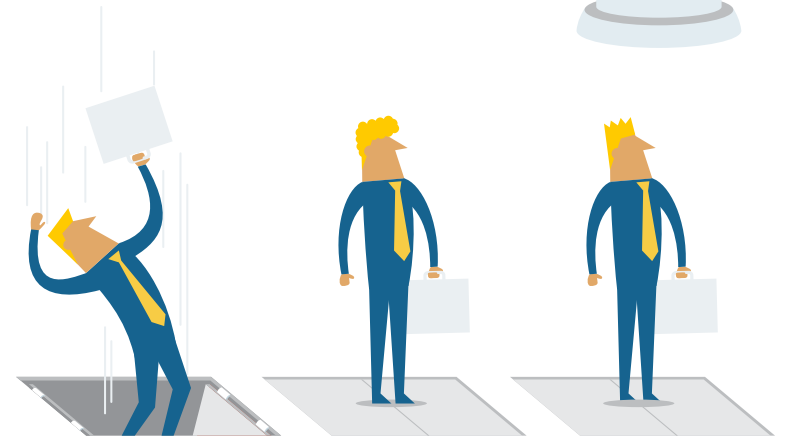
9%  
Coronavirus  
and lockdowns



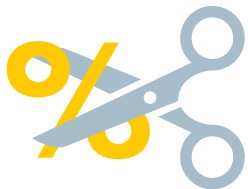
16%  
A big correction in  
property prices



12%  
Australian economic  
conditions



6%  
Job security



8%  
Falling rental yields



34%  
Gaining access  
to lending



7%  
Long periods  
of rental vacancy



4%  
Oversupply of  
new property



7%  
Being ripped off by a  
property spruiker

## Queensland has soared to the number one location by a significant margin with Victoria a distant third

When it comes to the top property investment locations, Queensland has emerged as the winner by a serious margin. A staggering 58% believe that the Sunshine State offers the best property investment prospects over the next year – up from 36% last year. New South Wales was second at 16% (down from 21% in 2020) and Victoria was third at 10%, which is down significantly from 27% last year.

The number of investors who see Brisbane as the state capital with the best investment prospects has also soared compared to last year's results – up to 54% compared to 36% in 2020.

Sydney is in second place at 13% (down from 18%) and Melbourne has fallen out of favour in a big way with only 12% of investors indicating it offered the best capital city prospects (down from 27% last year).

Perth's appeal continues to climb with investors, up to 8% from 6% in 2020. Adelaide is fifth at 6%, followed by Hobart on 3%, Canberra on 2% and Darwin on 1%, which is still an improvement on the 0.2% last year.

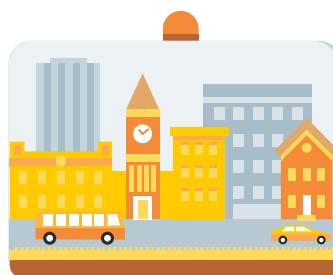
Most investors continue to tip metropolitan markets as offering the best investment prospects at nearly 50% (but down from 61% in 2020), followed by regional on 25% (up from 22%), and coastal on 21% (up strongly from 12% last year).

Where is the most appealing place to buy right now?



25%

Regional markets



49%

Metropolitan markets



21%

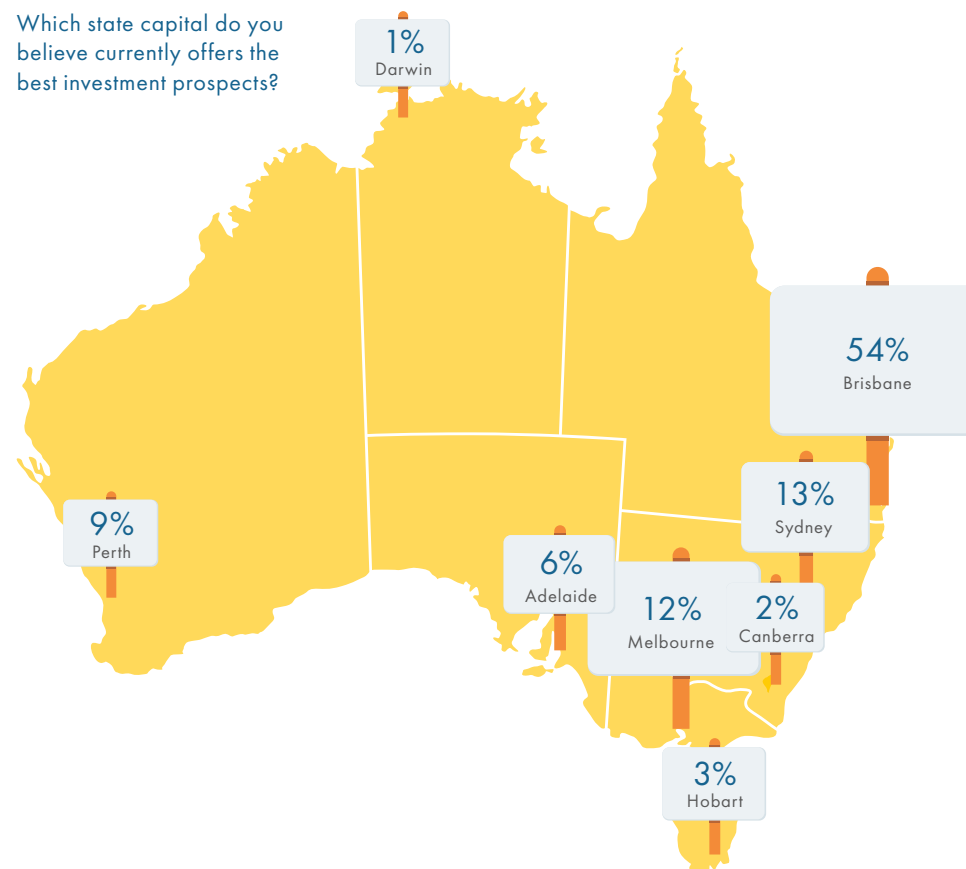
Coastal locations



1%

Mining towns

Which state capital do you believe currently offers the best investment prospects?





## Property prices set to keep rising

The number of investors looking to buy existing stock continues to be high at 85% of respondents (down from 91% in 2020). The number of investors looking at house and land packages has increased to 8% from 5% last year. Only about 2% of investors intend to buy an off-the-plan unit, according to the survey.

Of those looking to invest in the next six to 12 months, 68% are interested in purchasing an established house (down from 74% last year), with the remaining distribution being house-and-land at 6% (up from 3.9%), unit/apartment at 5% (up from 2%), and townhouse/villa at 4.7% (down slightly from 5.7%).

When asked where property prices were heading in the next 12 months in their home state or territory, a staggering 76% (up from 41% last year) of respondents said they were going to get better, 16% (down from 33%) thought they'd stay the same, while just 6% (down from 24%) thought they'd get worse.

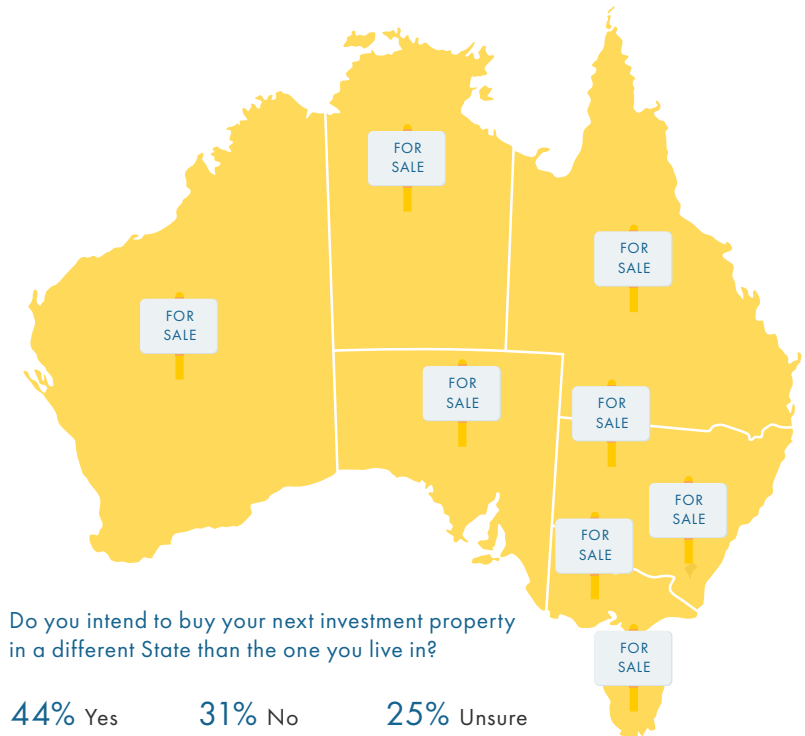
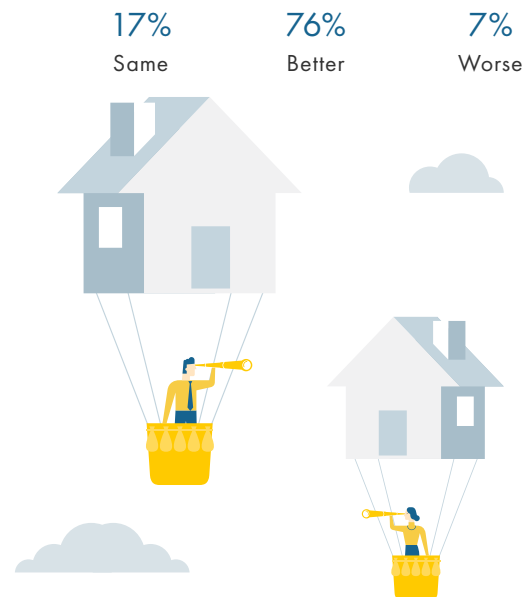
Borderless investing continues to increase in popularity, with 44% of investors (up from 41% last year) investors looking to buy outside the state they live in.

About 54% of investors (down from 60% last year) said they would consider rentvesting (renting in one location and investing in another) as a property investment strategy.

### Would you buy?



### Do you see property prices in your State staying the same, better or worse in 12 months' time?



## Property investors continue to seek long-term capital gains

Long-term capital growth continues to be the most important aspect when choosing an investment property, followed by long-term rental income.

Short-term tax benefits continued to be seen as the least important driver when choosing an investment.

Property investors are looking to improve their lot and have a financially secure retirement. When asked why they choose to invest, the most important reason was to provide a better life financially for themselves and their family, closely followed by to be self-funded in retirement.

### Why invest in property? Investors' number one reasons



## Lending and the economy remain top concerns for investors

The two leading concerns of the investors surveyed were gaining access to lending and Australian economic conditions – the same situation as last year.

About 22% of respondents have found themselves in a position where they were unable to refinance an amount that they were able to borrow previously – the same as last year. About 50% (up from 43% in 2020) said they were able to refinance, which is a sign of the improved lending conditions.

About 14% of investors say that they have more money going out than coming into the household right now (cash flow deficit each month right now) – the same result as last year.



Do you currently find yourself in a position where you are unable to refinance an amount which you were able to borrow previously?

22%  
Yes

50%  
No

16%  
Unsure

12%  
N/A



What description best describes your current cash flow position:

I have more money coming into the household than going out right now  
(cash flow surplus each month right now)

86%

I have more money going out than coming into the household right now  
(cash flow deficit each month right now)

14%



## Investors keen to seek out the best deals

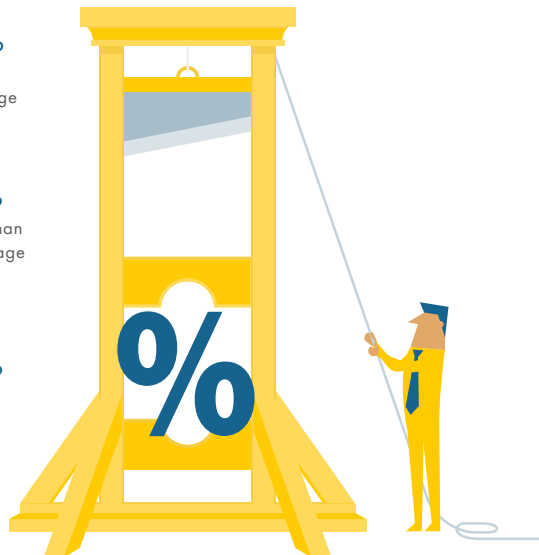
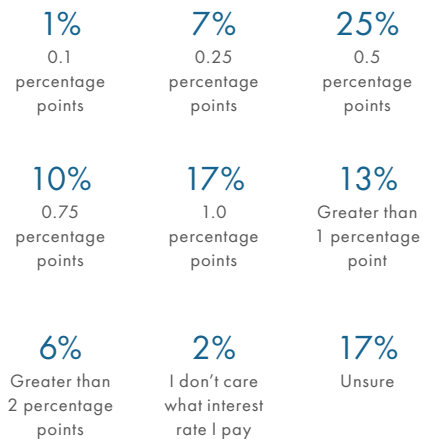
About 25% said they would consider refinancing their loan for an interest rate differential of just 0.5 percentage points, while about 16% said they would consider refinancing for one percentage point. Both were similar to the 2020 results.

About 72% of investors secured their last investment loan through a broker, a similar result to the 71% last year.

Only about 17% secured their last loan directly from a bank – the same as last year.

About 72% of investors intend to finance their next investment loan through a broker (down from 80% last year).

Given the current interest rate you are paying, at what interest rate differential would you consider refinancing your loan/s?



## MORTGAGE

How did you secure your last investment loan?



*Handwritten signature*



## Property investors seek advice and education from a variety of sources but fewer are adopting a hold and never sell approach

Investors continue to use the services of specialised professionals with mortgage brokers, accountants, and lawyers/conveyancers the most employed advisors.

About 35% of investors have sought the services of Qualified Property Investment Advisers or QPIAs.

Investors are seeking property investment advice most commonly from QPIAs (51%), followed by buyer's agents/advocates, and mortgage brokers.

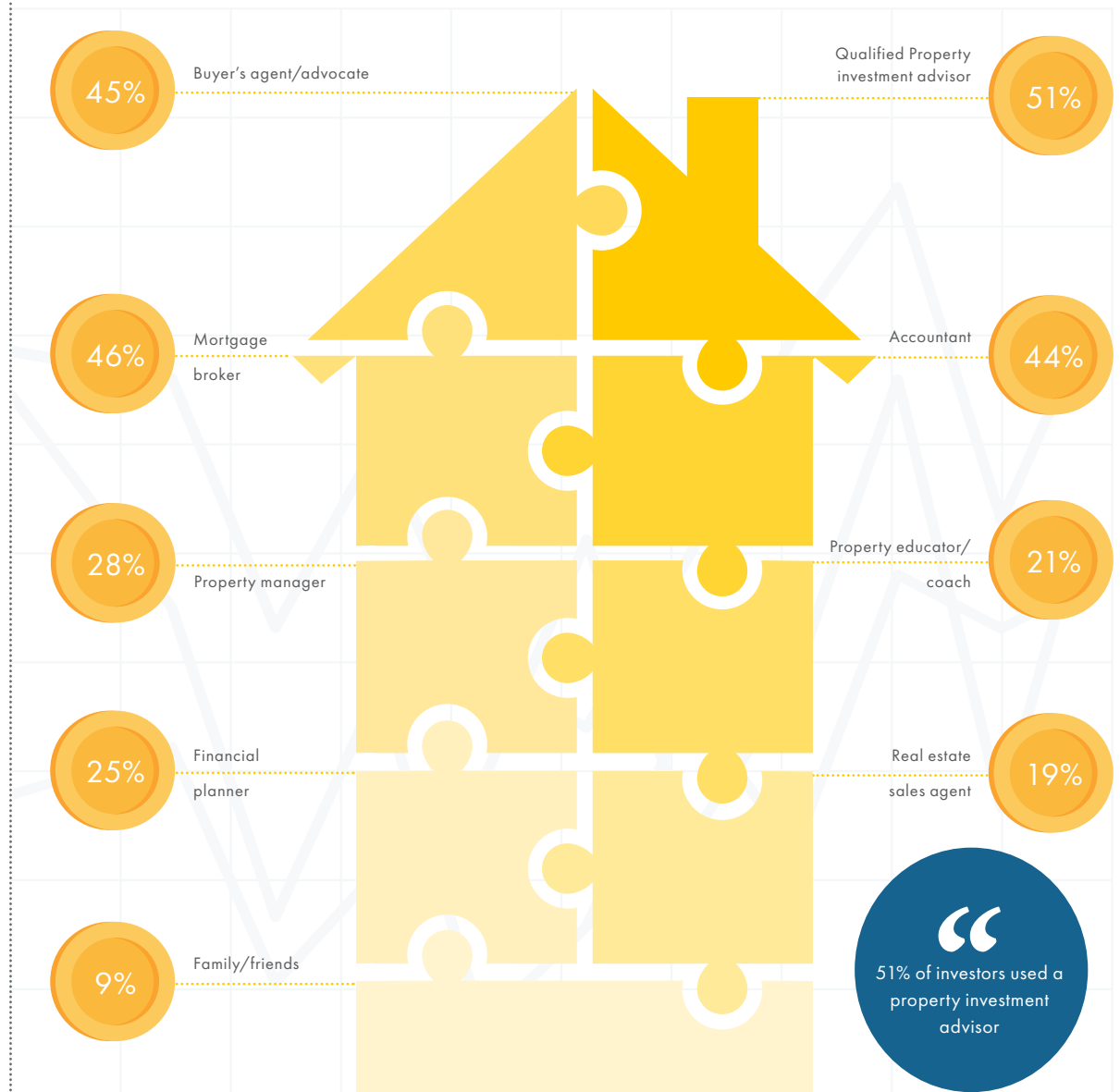
Of those that sought professional investment advisor, about 62% paid the advisor a fee directly.

Of those that sought professional advice, about 55% (up from 53% last year) were provided with a written report or plan, but nearly 20% (up from 16%) weren't provided with a plan.

Investors seek knowledge and education from a wide range of sources. In 2021, professional sources/advisors were the most popular source, followed by research and data providers, podcasts, internet searches, books, and webinars.

It seems investors are considering their exit strategies in light of the past year's events. About 39% said they had a hold and never sell approach, which is down significantly on the 51% last year. About 35% said they were considering selling down some or all of their portfolio (up from 27% in 2020).

### Where have you sought/where do you plan to seek property investment advice from?



## Investors are seeking out qualified advisers

More than 80% of all investors believe that more education is needed around the risks and benefits of investing in property.

Virtually all (91%) investors continue to think that any provider of property investment advice should have formal training or education.

More than 60% of survey respondents said they were familiar with what PIPA does, with a further 50% indicating they would be likely or highly likely to recommend the PIPA member they worked with to a friend.

About 73% of respondents said a QPIA qualification would influence their decision to work with a particular property investment professional.

About 68% of respondents were aware of the not-for-profit association PICA, which is an advocacy group working on behalf of investors.



Would a QPIA qualification influence your decision to work with a particular property investment professional?



## About the survey

The 2021 PIPA Annual Property Investor Sentiment Survey of 786 investors was conducted online in August 2021. Respondents were sourced from PIPA and PICA's database of property investors and member and non-member databases. PIPA's membership base includes property investment advisers, as well as a range of professionals whose business operations form part of the property investment process. These include financial planners, property buyers and advocates, accountants, mortgage brokers, real estate agents, lenders, and developers. PICA is the non-profit association for Australian property investors.

To download a full copy of the results, visit [www.pipa.asn.au](http://www.pipa.asn.au).



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