12 FEB, 2026

"ON THE BRINK 99 : THE BIG RISK TO RENTAL MARKET

Western Weekender Penrith, Penrith

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Western Property

The Property Investment Professionals of Australia (PIPA) has issued a stark warning that changes to Capital Gains Tax (CGT) could trigger a wave of investor sell-offs that would deepen Australia's rental crisis.

The 2025 PIPA Investor Sentiment Survey found that 35 per cent of investors would stop investing in property if CGT were reduced to 25 per cent after 12 months of ownership. Alarmingly, 19 per cent of investors who had sold one or more properties over the previous year said they did so because of the perceived risk of Federal Government tax reforms, while 51 per cent of current investors cited the same concern as a key reason why they may sell in the next 12 to 24 months.

PIPA Chair Cate Bakos (pictured) said the findings reveal a rental market on the brink.

"These numbers are not hypothetical because investors are already leaving. Our 2025 survey found that 16.7 per cent of investors had sold at least one property in the year to August – up from 14.1 per cent the year before and 12.1 per cent in 2023," she said.

"Of those who sold, 19 per cent already did so because they fear tax changes, and another 35 per cent are telling us they will walk if CGT reforms proceed."

The warning comes as SQM Research's latest data shows the national vacancy rate remains critically low at 1.4 per cent, with several capitals operating at emergency levels: Perth (0.7 per cent), Adelaide (0.9 per cent), and Hobart (0.4 per cent). Even Sydney and Melbourne, at 1.8 per cent and two per cent, remain well below long-term averages.

Bakos said any policy that accelerates investor withdrawal would have immediate and severe consequences for renters.

"When vacancy rates are this tight, removing investors from the market is economically reckless," she said.

"Every investor who sells to an owner occupier removes a rental home from the system and tenants are the ones who suffer the consequences."

SQM's data also shows advertised rents rising again in early January, with national rents up 2.4 per cent in 30 days and 5.8 per cent year-on-year, underscoring the pressure already facing households.

"Investors provide more than 90 per cent of Australia's rental homes," Bakos said.

"If governments want a functioning rental market, they must stop treating investors as expendable because the rental system collapses without them."

PIPA is calling for evidence-based policy design and meaningful consultation with industry to avoid worsening the rental affordability crisis.

"REMOVING INVESTORS FROM THE MARKET IS ECONOMICALLY RECKLESS"

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