



Legislative Council Legal and Social Issues Committee

Inquiry: Inquiry into the Rental and Housing Affordability Crisis in Victoria

Hearing Date: 19 September 2023

Question[s] taken on notice

Directed to: Wyndham Property Management, Carmen Littley and Harcourts, Jessica Barr

Received Date: 28 September 2023

1. **Aiv PUGLIELLI, page 27**

Question Asked:

One of the submitters earlier, both in their contribution but also in writing, spoke about how real estate agents and the industry broadly is disincentivised to make housing affordable. Do you agree with that statement?

Response from Harcourts, Jessica Barr:

“I can certainly understand how the theory can be raised from parties outside the industry or tenant lobbying groups etc, however ultimately Estate Agents/Property Managers/Landlords do not determine the market at any point. External factors are in fact what drive rental demand and supply such as legislation, interest rates, pandemics, financial markets, employment rates, school zones, infrastructure, public transport etc. Indeed we do charge a % fee of the rental amount being paid, meaning the higher the rent, the higher the fee collected. However, if a rental property is overpriced, it will sit vacant, meaning there are zero fees collected and the landlord collects zero rent and we in fact pay the advertising so if the property is too high for the market we are out of pocket . So the theory has a major loophole in that if rents are increasing and actioned by the agent, it is simply due to demand of the rental market and lack of supply at that time. We currently have properties at the moment that sit vacant due to them being overpriced and we initiate the conversation of rent reduction. It would be our advice to meet the current market, which would mean a reduction in the rental amount. The incentive for us to receive a fee is actually to have a rental reduction, and an income reduction, which is still better than a vacant home and no fee collected at all. Unless our Landlord approves this reduction, it is not the Agents right to reduce the rental amount, irrespective of the recommendations provided