

First homes come first

REAL-ESTATE

NEWS

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The \$10.4 billion rescue package included a \$1.5 billion boost to the property market.

October has proved to be a significant month in real estate, with interest rates dropping for the second time in as many months, and the first homeowner grant being increased from \$7000 to \$14,000 for existing properties, and tripled to \$21,000 for new buildings.

Prime Minister Kevin Rudd said last week that the decision to increase the grant was part of a \$10.4 billion rescue package, which also included cash bonuses for pensioners and families.

Mr Rudd said the cash outlay was designed to "strengthen the Australian economy in the face of the worst global financial crisis since the Great Depression".

Within hours of the announcement, property insiders were speculating whether or not the \$1.5 billion cash injection designed to stimulate Australia's stagnant real estate market, would just push prices up in the under-\$500,000 market, where first homebuyers are looking to buy with stamp duty exemption.

According to Housing Industry Association figures, active first-homebuyers are currently looking in the \$405,000 to \$430,000 price bracket. The push to get first homebuyers back in the market comes off the back of recent statistics that show they now account for only 19 per cent of the house hunting market, while in 2001, when the first homeowner grant was introduced, they made up about 30 per cent.

Not surprisingly, real estate agents are rubbing their hands together at the prospect of a sudden boost in the market, even if it will mostly be refined to one price bracket.

Warren McCarthy, managing director of L.J. Hooker, welcomed the Federal Government's recent announcement by saying it would increase confidence in the market.

"We have around 12,000 properties listed nationally with price tags that sit under \$500,000 which are ideal for first homebuyers," said Mr McCarthy.

"The lower end of the market will be the main beneficiary of this increase in activity with first homebuyers looking to enter the market," he added.

Mr McCarthy also predicted that such buyer incentives would remove young tenants from rental stress.

Real Estate Buyer's Agents Association of Australia president Scott McGeever said the Government's decision was a "step in the right direction".

"As Australia's leading national association representing homebuyers, we recognise that a positive housing market is essential for the overall economy. Increasing the first homeowner grant will send a clear signal to the market and give thousands of first homebuyers out there the encouragement they need."

Surry Hills-based Mortgage Choice franchisee Philip Sangster described the Government's move as "bold and positive".

"The doubling of the first homeowner grant for all first-home buyers and tripling for those who purchase a newly-built dwelling, along with the recent significant decreases in interest rates, should provide a much-needed boost to the Australian housing market."

Mr Sangster's franchise, which regularly holds first homeowner seminars, has been inundated with inquiries since the announcement last week.

"For this week's seminar we've got registered numbers higher than we've seen in nine to 10 months.

"The great Australian dream of owning your home is still very much a part of our mindset, and those desiring their own piece of this country will be grateful for all the assistance they can get."

Mortgage Choice is holds monthly first homeowner's seminars, to book your place at the seminar, phone 9698 1800.

<http://www.wherelive.com.au>

