



The Week In Real Estate



Budget To Boost Home Ownership

More first home buyers will be able to enter the property market following the Federal Budget commitment to double the number of places in the Home Loan Guarantee scheme.

The scheme has already helped 60,000 Australians buy a home since it was introduced in January 2020.

The budget announcement means there will be 50,000 places on offer a year.

The scheme helps first homebuyers to purchase a new or existing home with a deposit of as little as five per cent.

Other commitments to housing including 10,000 guarantees each year under a new Regional Home Guarantee from 1 October 2022 to 30 June 2025.

There will also be 5000 guarantees each year from 1 July 2022 to 30 June 2025 to expand the Family Home Guarantee, which helps single-parent homes with children buy their first home or to re-enter the housing market with a deposit of as little as 2%.

The First Home Guarantee will be expanded to 35,000 commitments per year.

Quote of the Week

“This trend (auction sales) is not isolated to just one city, we’re seeing it across Australia and spreading from the higher-priced suburbs into the middle and outer suburbs.”

Domain’s Chief of Research and Economics Dr Nicola Powell



Negative Gearing To Stay

Changes to negative gearing have been ruled out by both major political parties in the lead up to the Federal Election, according to the Real Estate Institute of Australia.

The REIA reveals it has a commitment from Labor, who had flagged removing negative gearing in the leadup to the last election, that it would retain negative gearing if it were to win the election this time.

REIA president Hayden Groves says this should give people the confidence to keep investing in the Australian property market.

He says almost a third of Australians live in rental properties and changes to negative gearing would not just affect investors but renters.

Groves says suggestions by Labor that it will reform stamp duty if it were to win Government is also reassuring.

“Without national leadership to phase out this antiquated tax, it will just be a promise of reform from the introduction of the GST in the year 2000 that remains undelivered,” Groves says.



Owners Confident In Prices

Property owners are still confident in the value of real estate with a new survey revealing most believe values will increase this year.

The LocalAgentFinder Real Estate Sentiment Report surveyed 1003 property owners with 81% saying they expect property prices to increase this year with almost 60% predicting an increase of more than 10%.

LocalAgentFinder chief executive Richard Stevens says the survey shows Australians were still quite bullish about the market's prospects in the short term.

The survey also found Covid is still affecting people's buying decisions with 27% revealing they had considered moving because of Covid's impact on their lifestyle.

It also found those who had already moved to coastal areas are happier than those who moved inland.

"This confidence is likely generated from the remarkable resilience of the property market through the pandemic and many may feel that this is likely to continue with the easing of restrictions as Australia opens back up," Stevens says.

Increased Auction Sales

The number of properties selling via auction has almost doubled in the past ten years.

Domain figures show auction sales have increased throughout, particularly during the past 12 months with 13.3%, or 42,918, properties selling at auction.

Domain's In Focus: Auctions Report shows Canberra chalked up the highest number of auction sales, accounting for 27.6% of its transactions. Melbourne was next with 25.8% of sales through auction, then Sydney with 24%.

While auctions are starting to increase in the smaller capital cities the percentages are still fairly low.

In Adelaide 15.6% of sales are through auction, followed by Brisbane, 6.4%, Darwin, 3.4%, Perth, 1.1% and Hobart, 0.5%.

Domain's Nicola Powell expects the number of auctions to continue to increase.

"This trend is not isolated to just one city, we're seeing it across Australia and spreading from the higher-priced suburbs into the middle and outer suburbs," Powell says.

She says buyers like auctions as they are a transparent way of selling.

Houses Prices To Rise

New house prices are tipped to increase as the cost of building materials continues to soar.

Rising prices and supply chain issues caused by the Covid pandemic and border closures has resulted in delays to many projects throughout Australia.

According to figures from the Australian Bureau of Statistics the cost of building products went up by 12% in the past 12 months, with some products far exceeding that.

Reinforcing steel costs increased by about 43% while structural timber prices are up by more than 40%.

Master Builders Association NSW executive director, Brian Seidler, says more builders are contacting the organisation for advice on how to get out of fixed price contracts that tie them to prices provided when materials were much cheaper.

"If you're considering building, you'll have to consider that it will cost more," Seidler says.

"Someone has to pay for this, you can't ask a business to absorb it, in the end it's you and me."

