



MITCHELLS
REALTY

1st April 2023

The Week In Real Estate



HomeBuilders Get Relief

The deadline for Australians waiting for their homes to be constructed under the HomeBuilder scheme has been extended.

The deadline for lodging paperwork to be eligible for the \$25,000 HomeBuilder Grant, was April 30.

That has been extended to 30th June 2025, amid concerns that construction and materials delays could mean some applicants would not be able to meet the earlier deadline. Trades and supply shortages throughout Australia during Covid meant many who thought they would be living in those homes by now, are still waiting for work to start.

UDIA national president Maxwell Shifman says in Queensland about 215 HomeBuilder applicants of the 1365 which bought off-the-plan contracts were at risk of missing the earlier deadline.

"Without this decision, ordinary Australians, through no fault of their own, were in danger of losing not only their HomeBuilder grant but also their home deposits, which have taken them years to save – putting them in a worse situation than before the pandemic," he says.

Quote of the Week

"Without this decision, ordinary Australians, through no fault of their own, were in danger of losing not only their HomeBuilder grant but also their home deposits, which have taken them years to save – putting them in a worse situation than before the pandemic."

UDIA national president Maxwell Shifman

Push To Rewire Aussie Homes

Environmental groups are calling on the Federal Government to help fund the rewiring of thousands of Australian homes to move them away from gas.

Rewiring Australia says \$2.5 billion is needed over five years to change 500,000 homes.

It says changing from gas to electricity will slash average household energy bills by between \$3000 and \$5000 a year.

Rewiring Australia executive director Dan Cass says household electrification is sound economic policy and vital climate policy.

But Tas Gas chief executive Phaedra Deckart warns even with funding it's a big ask.

She says most households will struggle to afford to do it on their own as it could cost between \$5,000 and \$15,000 to remove gas appliances and replace them with electrical ones.

Rewiring Australia says the funding would provide concessional loans to electrify households and businesses.

"There are a whole basket of technologies that, like solar, are worth investing in because they have a return on investment that is positive," Cass says.





US Crisis Good For Australia

The current run on US banks and American bank collapses could actually spell good news for Australian mortgage holders.

The banking turmoil in the United States means its Federal Reserve is rethinking whether it will continue with aggressive interest rate rises.

The collapse of US banks is likely to take some steam out of its economy and inflation and reduce the need for further rate rises.

While Australia has experienced ten consecutive rate rises, the interest rate is still well below the US. The Reserve Bank of Australia has cautiously been trying to bring down inflation through rate rises without causing a recession.

Australia's banking sector is often affected by what other members of the global central bank community do, therefore a halt in US rate rises could have a positive effect on what the RBA does in Australia.

At the start of the Global Financial Crisis, when US banks collapsed the RBA slashed interest rates in Australia.

House Prices Rebound

Australian median house prices are continuing to rebound despite ten consecutive interest rate hikes reducing borrowing capacity.

According to CoreLogic figures, the combined capital city median house price is up 0.6% in the past month.

AMP Capital chief economist, Dr Shane Oliver, says borrowing capacity has fallen by about 27% as a result of interest rate rises, which he says is the biggest decline in borrowing capacity on record.

He says household debt servicing payments as a share of income are at their highest ratio in more than a decade.

He believes the continual increasing of rates may result in further supply issues as some financially stressed homeowners sell.

Oliver says the current lift in house prices will be "short-lived" and he does not believe there will be a sustained recovery until next year.

He adds that the market is hard to read at the moment and it is possible prices have already bottomed, particularly if rates have peaked.

Big Games Infrastructure Spend

Australia is expected to pour \$7 billion into infrastructure in the lead up to the 2032 Olympic Games in Brisbane.

About \$2.7 billion of that will be spent in Queensland on a number of projects including the redevelopment of The Gabba to increase its capacity to 50,000 seats.

A new 17,000 seat indoor stadium will also be developed within Brisbane in time for the event.

About 80% of infrastructure to be used during the Commonwealth Games in Brisbane is already in place.

Queensland Premier Anastasia Palaszczuk says they need to provide infrastructure which will benefit locals long after the races have been run.

Prime Minister Anthony Albanese agrees.

"It is clear that we must do our part, not only to deliver the best games, but also to leave a lasting legacy for Queensland and everyone who visits this great state," he says.

Brisbane has never hosted the Olympic Games before, although it has hosted the Commonwealth Games.

