The Week In Real Estate

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Stamp Duty Skyrockets

Stamp duty charges have skyrocketed costing property buyers up to six times more than in the eighties.

A new report by PropTrack and research institute, e61, says in some states stamp duty on a median-priced home could be as much as $45,000.

In real terms relative to income, the research says stamp duty is six times higher in the Melbourne and Hobart markets than it was in the early to mid-eighties and 5.4 times higher in Sydney. Stamp duty is 5.5 times higher in Brisbane and 4.5 times higher in both Perth and Adelaide.

PropTrack senior economist, Angus Moore, says the figures show that reform is critically needed to allow the property market to operate more efficiently.

“Stamp duty is a large upfront cost for home buyers that has to be saved on top of a deposit,” he says.

e61 research manager Nick Garvin says policymakers must consider the indirect impact stamp duty has on other parts of the economy and people's lives.

Housing Crisis Fix

Easing planning regulations will have more of an impact on improving housing supply than abolishing negative gearing, a new report reveals.

The report by Centre for Independent Studies chief economist, Peter Tulip, says it is restrictive planning rules that have added more than 40% to the cost of a house in cities such as Sydney and Melbourne. The Housing Affordability and Supply Restriction report says property taxes only increase the cost of a house by about 4%.

“There are arguments from the tax policy perspective that negative gearing and the capital gains discount should be considered, but it’s not relevant to the question of housing affordability,” he says.

Tulip’s analysis shows if housing stock is increased by just 1% rents and prices should drop by 2.5%.

“The effect of those tax discounts on housing prices is tiny,” he says.

Tulip says zoning restrictions need to be relaxed and the states should consider overriding councils when necessary.

Quote Of The Week

“There are arguments from the tax policy perspective that negative gearing and the capital gains discount should be considered, but it’s not relevant to the question of housing affordability. The effect of those tax discounts on housing prices is tiny.”

Centre for Independent Studies chief economist, Peter Tulip

Stage 3 Impact On Market

Stage 3 tax cuts could increase a buyer's borrowing capacity by more than $57,000.

Modelling by Rate City shows buyers will need to borrow at capacity to feel the full effect of the tax cuts.

RateCity research director Sally Tindall says their modelling shows a single person earning $100,000 could increase their borrowing capacity by $21,100 while a couple earning $100,000 and $150,000 could borrow up to $57,100 more.

Although increased borrowing capacity would be enticing to many, Tindall says their research shows using the extra money to pay down an existing mortgage will make the money go further.

"If you can put that money into your mortgage, it will save you thousands over the life of your loan and potentially shave years off," she says.

She says when there is a financial boost across the board it is the sellers who will benefit the most as buyers' budgets will have increased and everyone trying to buy suddenly has a larger budget.

Short Term Not Hurting Market

There is no strong correlation between the number of homes used for short-term rentals and rental affordability or vacancy rates, according to a report on the market.

An Urbis report on the short-term letting market for Airbnb says only 1% to 2% of Australia's housing stock is used for short-term rentals. It blames the housing shortage on other factors including lack of supply and interest rates.

The report says the short-term rental accommodation sector has no consistent impact on housing affordability. Airbnb Country Manager for Australia and New Zealand, Susan Wheeldon, the impact of the short-term rental sector on housing is minimal and is far more limited than suggested by some.

The report says 67% of their Australian hosts listed their homes to help them combat financial pressures.

Urbis Regional Director NSW, Princess Ventura, says the study suggests that addressing housing affordability in Australia requires a multifaceted approach with any potential solutions needing to address the larger systemic issues driving the crisis.

More Units The Solution

Encouraging developers to deliver more units in regional areas could help regional towns cope with growing populations, the Mater Builders Association has told a national housing summit.

MBA chief executive, Denita Wawn, told the national regional housing summit in Canberra that not everyone moving to the country is looking for a house with a large block of land.

The summit was hosted by the Regional Australia Institute (RAI) which says there is an increasing demand for workers in regional areas but there is not the accommodation to house them.

Its analysis shows median values are now more than $605,000 in the regions and vacancy rates are 1.2%.

The RAI called for the Federal Government to apportion 40% of Housing Australia Future Fund (HAFF) funding to regional areas.

It wants the fund to aim to build 450,000 of the homes of its 1.2 million target in regional Australia.

Anglicare executive director Kasy Chambers says regional housing is no longer more affordable than the cities.