

Rates cut set to boost sales

Stamp-duty relief will bring in first-timers

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THE triple whammy of an interest rate drop, stamp-duty exemptions and the start of the spring selling season has the industry hopeful Queensland's property market is headed out of the doldrums.

From Monday, first-home buyers will be exempt from stamp and mortgage duty on homes up to \$500,000, saving up to \$10,000.

Urban Development Institute of Australia state president Brett Gillan said he expected a boost in the number of units and house-and-land packages sold in the coming weeks.

"Although we would not predict an instant flurry of activity, we do expect to see an upturn in sales and we should feel the impact of this change in the next month or two," Mr Gillan said.

Housing Industry of Australia chief economist Harvey Dale said there was a risk of job losses in the new housing industry if sales did not pick up.

He said there was an absolute need for the Reserve Bank to lower the

official cash rate on Tuesday. "The imminent move to lower interest rates is a welcome first step to a much-needed home building recovery, but the delay to a tangible boost to construction activity will be significant," Mr Dale said.

Even with the expected interest rate cut, Real Estate Buyers Agents Association of Australia president Scott McGeever believes the spring selling season will come a bit later this year.

He said people were still attending open homes and auctions but sitting on the sidelines and it would take two rate cuts to stimulate the market.

Mr McGeever expects falls in the Australian dollar will see many expatriate investors from Asia and the Middle East coming back into the market.

Property researcher Michael Matusik said many buyers were waiting until interest rates fell.

"Instead of buying now when the market is flat and there are fewer buyers... they are waiting until there is more competition," Mr Matusik said.

For those who don't believe interest rates will come down as far as the

market is suggesting, then now would be a good time to buy with a fixed rate loan for two or three years.

"There is no logical reason to delay buying a residential property on the basis of waiting for interest rates to fall," Mr Matusik said. "In fact the exact opposite applies."

RPData's Cameron Kusher said 1158 new listings had been added to the Brisbane market this weekend, bringing the total to 7962. Auction numbers were down with just 75 properties going under the hammer.

While the Reserve Bank is widely expected to drop rates by 25 basis points, Mr Gillan said it should be a 50 basis point cut.

"There is now consensus among industry and the State Government that an aggregate 0.5 per cent rates cut is warranted in order to restore consumer and industry confidence," he said.

State Treasurer Andrew Fraser this week urged the RBA to slash rates by 0.5 percentage points.

"It's time to relent and offer families some relief," he said.