



INSIDER with Michael Matusik www.matusik.com.au

LAST week we discussed the Queensland Building Boost and its potential appeal, especially for first-home buyers. This week we examine a pertinent downside to the boost – the way in which it will be funded and its impact on Queensland residents.

In short, the boost will be funded by an increase in transfer or stamp duty.

From August 1 this year buyers will pay more to purchase a dwelling in Queensland.

The exact amount of the increase will depend on the price of the property and whether you are a first-home buyer but, effectively, owner-residents will now pay the same amount of duty as investors.

This means, for example, that for an average-priced family home of \$400,000, transfer duty will more than double from \$5250 to \$11,825 and a \$600,000 home purchase, for example, will now incur \$20,025 in stamp duty versus the current \$12,850.

The impact of such changes on the Queensland residential property market is likely to be significant and we can expect a slow-down in our already-weakened market as a result.

Likely outcomes include:

Fewer property transactions as people choose to age in place rather than move; and an increase in homeowners choosing to renovate rather than move and pay the duty.

Additionally, such imposts may well diminish the appeal of the Queensland market to interstate and overseas migrants. With the state's population growth at its lowest level in 11 years, turning away new residents will have dire effects on our economic base.

Ultimately, as workers resist moving closer to their workplace longer commutes will become the norm.

And in the longer term, we may be propelled into a market with tighter vacancy rates and higher rents, as fewer properties will sell to investors.

In a nutshell, this tax hike will hit Queenslanders hard, and we are likely to see less price growth than might have otherwise been the case.

A final concern relates to our regional areas. Queensland is the most decentralised Australian state, with our regional centres beginning to grow in economic importance. There is increasing demand for workers in these areas, but higher stamp duties will serve to be a serious disincentive for new residents to move to them.

While this increase brings us somewhat in line with other states, that does not make it a good decision.

In order to stimulate our market, we should aim to reduce inefficient taxes, of which stamp duty is one of the worst. For example, a few years back, Victoria slashed the duty payable on new housing, resulting in a doubling of new dwelling starts.

Imagine how strong the residential market would be, including new construction, if buyers paid no duty on residential transactions.

Hopefully, the decision to increase stamp duties will at least be reversed.

What do you think? Let me know. Email me at: Michael@matusik.com.au

Transport drives housing market



TIPS ABOUT PURCHASING TRANSPORT-FRIENDLY PROPERTY

1. Buy within a 10 to 15 minute walk of public transport.
2. Don't buy right next to a railway line, look a few streets back.
3. The 18-24 age group tend to buy units because they are low maintenance and close to amenities.
4. Buy in outer suburbs that are supported by efficient transport infrastructure.
5. Buy where there are a number of public transport options and it is efficient.

When purchasing a home, what do you consider the most important amenity to have nearby?

