

First-homebuyers hit and building costs up

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First-homebuyers face a \$5700 hit to buy a property and developers face steep extra charges that are set to push up the cost of building across Perth.

Measures in the State Budget will boost Treasury coffers but cost prospective and existing property owners more than \$500 million in additional charges.

As foreshadowed by *The West Australian*, the threshold for the first-homebuyer stamp duty exemption was cut to \$430,000 from \$500,000.

The level at which the full stamp duty rate is imposed has also been cut, fully hitting properties above \$530,000.

The move will raise more than \$50 million a year but the industry estimates it will add about \$5700 to the cost of an existing property for about a third of all first-time buyers.

Treasurer Mike Nahan said the changed thresholds were made to ensure the building side of the sector was largely unaffected.

Real Estate Institute of WA president David Airey said though first-time buyers had been kicked in the shins by last year's Budget, this year's had been even worse.

He said the reduction in the threshold, on top of the 2013 Budget cut in the first-homebuyers grant for those who bought an existing property, had effectively cost people more than \$10,000.

Investors and small business owners or renters would also be hit by the changes in land tax.

The decision was bad news for prospective first-time buyers Courtney Gadeke and Sutherland Scudds, who have been saving for more than 12 months.

Ms Gadeke said they were hoping to buy a unit in the Fremantle area, but with the lower threshold likely to cost them more than \$5000, they may have to rethink their plans.

Land tax, which was increased 12.5 per cent last year, will go up another 10 per cent in the coming financial year in a move that is forecast to raise an additional \$334 million over the forward estimates.

ABN Group managing director Dale Alcock said though he was grateful that the Government had kept Keystart, the decision on

land tax was simply bad policy. He said land tax had effectively increased more than 30 per cent over the past two years, with the only consequence a likely increase in cost.

Mr Alcock said a sharp increase in landfill charges, which will rise to \$40 a tonne from \$8, would add another \$1000 to \$1500 to the cost of building a house.

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Bad news: First-homebuyers Courtney Gadeke and Sutherland Scudds are hoping to buy in Fremantle. Picture: Lincoln Baker