

FOR IMMEDIATE RELEASE

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## Homebuilder grants have a sting in the tail

Buyers are reminded to act with caution if they're considering the Federal Government's Homebuilder grant, as there could be a sting in the tail.

"It's great to see both Federal and State Governments taking positive steps to reawaken the economy, but there's a dark side to the announcement of the Homebuilder grant," said John Gilmovich, President of the Property Owners Association of NSW.

"The property spruikers are back in action in a big way. They're hyping the prices of new properties and promoting schemes that will catch inexperienced buyers. This will mean buyers will pay an inflated price for their purchase and may be waiting a very long time for any upside.

"Also, any capital growth improvements for new builds could be further delayed with the knock on effect caused by introducing more properties into the market at a time when rental vacancies are at unheard of levels.

According SQM Research, vacancy rates have more than doubled in most Australian capital cities with the CBD areas particularly hard hit.

"In Sydney we're looking at 16% vacancy rate in the CBD and the Homebuilder grants have the potential to take more tenants out of the market," Mr Gilmovich said.

"While it will be good to see an increase in home ownership, buyers shouldn't be thinking they will experience much capital growth in the next few years. Buyers should be wary if they're being told their new purchase will achieve high growth, and ensure they verify the experience of their builder.

"First time buyers in particular have a great opportunity at the moment with interest rates at historically low levels. They should use the opportunity to ensure they negotiate a good deal and compare what they might be able to purchase in established areas without using the grant.

Buyers should also be mindful that lending has tightened up in relation to the banks' concerns about employment risk and industry types, so many FHB's may be surprised and disappointed that they may not qualify for a loan this time around.

Property owners also have the opportunity to access the Homebuilder grant for renovation projects, although there is a similar warning for owners.

Owners are warned to ensure they conduct due diligence prior to finalising decisions as the short timeframe for the grants has the potential to encourage owners to rush through their preparation.

"Anyone considering a renovation project needs to ensure they check the quality and experience of tradespeople. Licences should also be checked through the Office of Fair Trading," said Mr Gilmovich.

Implications of the Federal and State grants will be just one of the topics covered at the POANSW market update webinar, scheduled for Wednesday 24 June 2020. Tenancy management, market valuations, legislative changes, property investor business support, lease negotiations and insurance will



also be covered by topic specialists. Tickets available from <https://www.poansw.com.au/events-and-seminars/>

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### **For further information**

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### **Background**

The POANSW delivers advice and a range of services for property owners and landlords including regular events throughout the year. POANSW was established over 60 years ago to provide a voice for private landlords who provide residential rental properties to the NSW market.