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## **Government's Increase to First Home Buyers Grant Set to Improve Property Market**

Recently the 'Great Australian Dream' of home ownership has seemed a distant reality for many, with Australia experiencing rising interest rates and record house prices. Today, however, potential first home owners are celebrating after the Rudd Government announced on Tuesday its plan to pour \$1.5 billion into the Australian property market as part of its economic crisis relief fund.

The move "is designed to support activity in the housing sector," Kevin Rudd said. "And the housing sector is critical in terms of the overall performance of the economy."

The \$1.5 billion housing market injection comes in the form of increases to the first home owners grant. The Government has announced that it will double the current grant for the purchase of existing homes to \$14,000 and treble it to \$21,000 for newly built homes.

Victorian first home owners also benefit from the State Government's First Home Bonus, which provides an additional \$3,000 for existing homes and \$5,000 for newly constructed homes in metropolitan areas and \$8,000 in regional Victoria (subject to certain requirements). Victorian first home owners are also eligible for a Stamp Duty concession of up to \$2,850.

With housing affordability set to increase, many Australians will now be able to purchase their first home. The Government estimates that more than 150,000 first home buyers will benefit from the time-limited scheme, which is effective immediately and remains in place until the end of June next year.

The news of the Government's spending package comes just a week after the RBA board announced they had lowered the cash rate by 1% to stimulate Australia's economic activity. Australian banks have consequently reduced their interest rates by an average of .8%, providing relief for increasingly worried borrowers.

Experts believe that these recent developments will stimulate growth in the property market by 2009. The low to mid-end of the market is expected to experience the highest growth.

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