

# Australian property

We were waxing positive on prospects for the Australian market the other day. We said that even property down under does not look so bad.

Following on from this, we were interested to read earlier in the week that over 42,000 Australians have now taken up the First Home Owners Boost (FHOB) offered at the end of last year as part of the Federal Government's stimulus response to the crisis. A newly constructed home attracts a \$21,000 FHOB while an existing home \$14,000. In addition, first time buyers interested in properties below A\$500,000 are exempt from stamp duty.

Clearly the FHOB when combined with interest rate cuts and stamp duty exemptions has dramatically improved affordability in the sub \$500,000 sector. Existing inventory is being cleared and there is anecdotal evidence that one of the main banks are working weekends to meet demand for mortgages. Next up? A new housing construction cycle perhaps.