

Rental vacancies lowest in 40 years

Canberra urged to improve housing affordability

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AUSTRALIA'S rental vacancy rate has fallen to the lowest level in almost 40 years, with pressure mounting on the Federal Government to address housing affordability in the May 8 budget.

Figures from the federal Treasury show the rental vacancy rate fell to 1.36 per cent in the December quarter — the lowest since the series began in 1969.

But the sharemarket boom has helped Australia's private-sector wealth reach record highs in the December quarter. Private-sector wealth has hit a record \$7.7 trillion, up from \$7.3 trillion in the September quarter.

Commsec's analysis of the Treasury figures shows that per capita wealth increased by more than \$18,000 in just three months to stand at almost \$372,000 per person at the end of 2006. In contrast to wealth, private-sector debt fell by 0.2 per cent in the December quarter to \$502.4 billion.

Over the past five years, wealth has risen by 96.3 per cent and, over the past decade,

a staggering 184 per cent — the biggest gain for an equivalent period on record.

As the gap between low and high income earners continues to grow, the Federal Government is being urged to tackle housing affordability. Economists say one measure it may

Bureau of Statistics yesterday.

Welfare associations, community housing groups and the Housing Industry Association have been lobbying Canberra to introduce policies aimed at improving housing affordability such as better tax incentives and more social housing.

But federal Treasurer Peter Costello has repeatedly argued that the issue is one for state governments to alleviate by cutting stamp duties and other property levies and charges.

Mr James said the problem required action from both state and federal leaders. He said the Federal Government might announce a housing affordability package in the budget, which could involve increasing the first home buyers' grant and improving tax incentives for greater investment in property.

But he said "governments can't just give first home buyers extra dollars because it bids up the price of property".

Treasury secretary Ken Henry recently warned the Government against big budget spending because of the inflationary effects. But ANZ chief economist Saul Eslake said the Government was likely to release "bad policies" to try to win votes.



consider as part of a budget announcement is increasing the first home owners' grant.

"The risk is that the super-tight rental market proves to be an example of market failure, requiring policy changes by the Government to boost the stock of housing," says Commsec chief equities economist Craig James, commenting on the Treasury figures released by the Australian

State set for bumper year