

New land tax, higher interest rate hits Mackay

Everything from interest rates to rent increases are putting the screws on residents. Now, a new land tax regime is tipped to add even more pressure.



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Mackay's renters and homeowners are facing a swirl of pressures with rising interest rates and declining vacancy rates and now a new land tax regime could add to the burden.

From next year, the state government will calculate land tax based on all holdings held by Queenslanders, including interstate property.

Sentinel Property Group CEO Warren Ebert said the new regime would damage investment and increase people's rents.

"It will affect the smaller people," he said.

"It will hit residential investors more than anything.

"There is a housing shortage, rents are going up and people are going to put their residential rents up to make sure they get a fair return on their investment."



Sentinel Property Group founder and CEO Warren Ebert says the state government's new land tax regime will hurt residential investors and renters. Picture: Heidi Petith

Mr Ebert also predicted the new rules would depress development in new housing stock.

"It can only deter people from developing residential units and residential stock," he said.

"It is a financial punishment."

Other pressures continue to bear down on renters and homeowners.

The Reserve Bank of Australia has lifted interest rates 50 basis points to 2.35 per cent, which will add a further \$144 to a monthly interest bill on a \$500,000 mortgage once passed on to borrowers.

CreditorWatch chief economist Anneke Thompson expects rate rise pressures to extend in the near-term.

“We expect that the Reserve Bank of Australia will not hit the pause button on cash rate increases until retail trade data starts to better reflect downbeat consumer sentiment,” she said.

“This could happen, however, as soon as the upcoming Christmas shopping period.

“It is likely by December that mortgage holders will be really feeling the effects of higher repayments and of course higher prices of everything from furniture, to eating out and to holidays.”

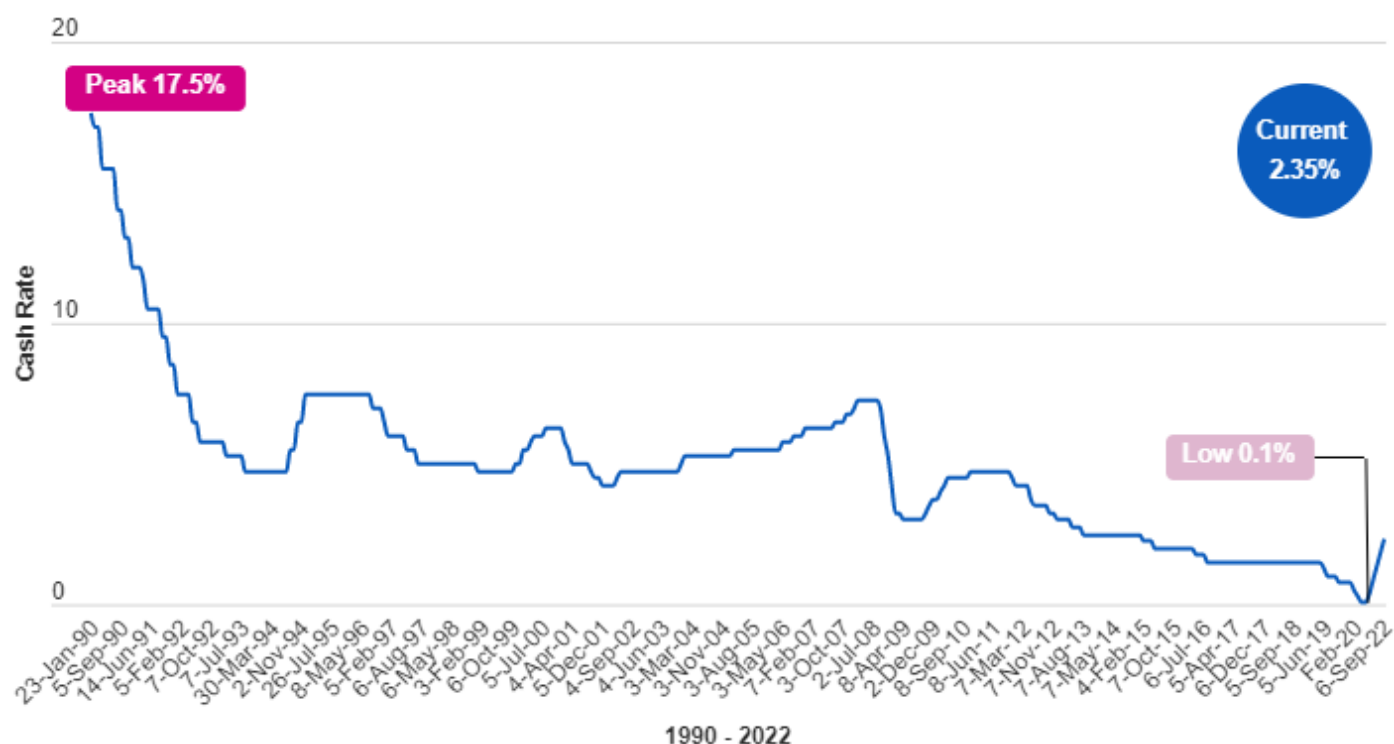
Renters are also under pressure.

Mackay’s rental vacancy rate sits at 0.5 per cent and the median rent has increased to \$425 per week from \$400 per week in December 2021.

Regional Australia Institute’s findings on movement into the regions, based on data from Commonwealth Bank’s 10 million customers, suggests there is little relief in sight for Mackay.

From the June quarter of 2021 to the June of this year, Mackay recorded an 11 per cent increase in migration, a 1 per cent share of total migration across all local government areas in Australia.

Australia's Official Cash Rate



Though Mackay continues to draw in new residents, the report notes the pandemic trend of migration away from capitals to the regions is beginning to moderate.

“The sheer level of net migration during the lockdown period of Covid is likely to have represented a step change in the overall size of many regional communities,” the report states.

“The latest reduction in net inflows will hopefully be giving many communities some breathing space to adjust.”

Housing affordability was front and centre at the recent Jobs and Skills Summit.

The federal government will expand the National Housing Infrastructure Facility to include social and affordable housing.

The new policy means \$575m from the facility can flow into affordable housing through super funds and other sources of private capital.

Mackay Regional Council also offers concessions on infrastructure charges to encourage development in housing stock.