



Greg Combet

Owners to feel green sting

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The *Herald Sun* asked Climate Change Minister Greg Combet's office if the scheme would have a negative effect on the sale price of some homes.

"It will allow buyers and renters to better compare different properties, making it easier to identify a property that uses less energy or water and thereby save money," a spokeswoman said.

She said the Government had introduced a \$100 million energy-efficiency program for low-income earners.

Opposition climate change spokesman Greg Hunt said the scheme would create "enormous uncertainty".

"It could push up the cost of rent for people just when they are feeling the cost of living pressures," he said.

"It's another cost imposed on people from the Government."

But Angus Raine, chief executive of major national real estate chain Raine & Horne, suggested people were so consumed with getting on the property ladder that star ratings would be discounted.

"People look at the physical property first and then (a mandatory disclosure system) is going to be one of their second or third considerations in their purchasing matrix," Mr Raine said.

A July 2011 "consultation regulation impact statement" prepared for the federal and state governments forecast the system would affect hundreds of thousands of homes in its first year of operation.

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Size does matter with new houses

Nicola Webber
property editor

Rate drop tipped for mortgages

MELBOURNE is gripped by McMansion mania, as new houses are getting bigger every year.

Supersizing has led to an 18 per cent increase in the median floor size of houses built in the past five years, data from Oliver Hume shows.

Most new houses are now more than double the size of the average house in the 1950s.

Some experts insist new house sizes will have to come down to make them affordable.

The Oliver Hume report shows the typical new home is now 250-300sqm thanks to "upsizing".

But the land size has shrunk 8 per cent and houses in Melbourne's growth corridors now take up almost half the block.

FIXED home loan rates are falling across the banking sector as speculation increases that the Reserve Bank will soon lower official interest rates.

Volatility on global markets has now seen NAB follow Commonwealth and Westpac in reducing its interest rates on fixed-term loans.

AMP Capital Investors

Chief economist Shane Oliver yesterday rejigged his forecasts, tipping two RBA rate cuts in the next six months to bring official rates down to 4.25 per cent by early next year.

Most economists expect at worst the RBA will keep rates on hold at 4.75 per cent, but more are leaning towards a rate cut cycle starting late this year or

early next year.

The markets are betting official interest rates — and therefore variable rate mortgages — will fall one percentage point by Christmas. This would lower repayments on the average \$300,000 mortgage by about \$200 a month.

The Aussie sharemarket closed the week up 1.3 per cent after a wild ride.

Small houses are increasingly unpopular, with those less than 200sqm falling from 38 per cent of the market in 2009 to only 20 per cent this year.

Former planning minister Justin Madden sparked a furore when he said people were suffering "housing obesity", with big

houses in new housing estates.

Planning Minister Matthew Guy has railed against the term McMansions, saying it's offensive to people who live in new, outer suburbs. Yesterday, he said affordability was not linked to the size of a home.

"It is the homebuyer's

choice as to the size of the house or the land parcel they buy, which are the two biggest factors that determine cost," he said.

But Oliver Hume project director Paul Ciprian said the cost of land and houses meant they would have to start getting smaller.

Mr Ciprian said first

home buyers might go back to starting with a three-bedroom house.

"I don't think anyone who has grown up in a small house will argue that it is a bad thing," he said.

Ashley and Rachel Hutson had one eye on the future when building at Croydon.

It wasn't only baby Jadon who drove the decision to build a house with five bedrooms, three bathrooms and three living areas.

Mr Hutson knew it would cost more to extend than to build it big.

The couple also made sure the house was energy-efficient, with recycled water on the estate and solar panels among its green features.

Mr Hutson works in real estate and wanted the house — which is 350sqm — to have re-sale potential.

webberr@heraldsun.com.au



Supersized: Rachel and Ashley Hutson, with baby Jadon, in front of their new home in Croydon.

Threat to rip tens of thousands of dollars off homes

GREEN STING

A NEW green scheme threatens to wipe tens of thousands of dollars from the market price of energy-guzzling old homes and McMansions.

The Federal Government aims to introduce mandatory energy star ratings for homes being sold or rented out as soon as next year.

Under the favoured system,

Ben Pike and Kirsten Craze

vendors and landlords would have to pay about \$200 to have their property assessed — a total cost of \$1.1 billion over 10 years.

And housing experts say most older homes and McMansions would be likely to score very poorly.

Mick Fabar, director of private energy ratings firm Green Homes

Australia, said many two-storey McMansions would be lucky to score zero.

Renovated old workers' cottages and Californian bungalows also were expected to score at the bottom end of the scale.

Experts said there would be significant financial implications for owners of these homes — either spend up on going green or face

the prospect of a lower sale price.

A federal government study into a similar ACT scheme operating since 1999, which rates properties out of 10 stars, found a one-star difference affected selling prices by 3 per cent.

If mirrored in Melbourne, a one-star variation would equal \$17,700 — based on the REIV's median house price of \$590,000, as re-

ported in June. A three-star variation would equal \$53,100.

Choice head of campaigns Matt Levey said homes that were energy inefficient would cost more to run, but star-rating models have been criticised for failing to factor in actual consumption, leading to questions about whether the changes will even cut power use.

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