

Media release

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FIRST HOME BUYERS AN ENDANGERED SPECIES

The Real Estate Institute of Australia (REIA) says the latest housing finance figures released by the Australian Bureau of Statistics (ABS) show that first home buyers are now at a record low despite total lending for housing growing in response to interest rate cuts and the more positive housing outlook for much of the country.

Housing finance figures for September 2013 show, in trend terms, that the number of owner-occupied finance commitments rose by 0.4 per cent – following increases of 0.7 per cent in August and 1.0 per cent in July. This was the lowest monthly increase, in trend terms, since December 2012.

If refinancing is excluded, in trend terms for September, there's been no change over the previous month.

REIA President, Peter Bushby says, "Increases were recorded in all states except Western Australia with the largest increase in the Australian Capital Territory, up 1.9 per cent, in trend terms."

"Though slowing down, increases continue with the purchase of established dwellings up 0.5 per cent in trend terms and the number of commitments for the construction of new dwellings up 0.3 per cent in trend terms," Mr Bushby continued. "However the purchase of new dwellings fell by 1.1 per cent."

The value of investment housing commitments rose by 1.5 per cent, in trend terms, in September resulting in well over a year of consecutive monthly increases.

"The proportion of first home buyers in the number of owner-occupied housing finance commitments fell to 12.5 per cent compared to the August figure of 13.7 per cent and is the lowest figure since data began to be collected in July 1991. It is far lower than the long-run average proportion of 20.1 per cent, despite eight interest rate cuts since November 2011."

"With the proportion of first home buyers at historic lows and figures indicating no bubble in lending, the Reserve Bank Board should be taking a 'steady as she goes' approach in December," concluded Mr Bushby.

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