

Media release

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FIRST HOME BUYERS HIT NINE YEAR LOW

The Real Estate Institute of Australia (REIA) says the latest housing finance figures released by the Australian Bureau of Statistics (ABS) show that total lending for housing continues to grow steadily in response to interest rate cuts and the positive housing outlook, but that the rate of increase is slowing down.

Housing finance figures for August 2013 show, in trend terms, that the number of owner-occupied finance commitments rose by 0.6 per cent – following increases of 1.0 per cent in July and 1.5 per cent in June. This was the lowest monthly increase, in trend terms, since January.

If refinancing is excluded, the increase, in trend terms for August, is 0.3 per cent.

REIA President, Peter Bushby says, “Increases were recorded in all states except Western Australia with the largest increase in the Northern Territory, up 2.3 per cent, in trend terms.”

“There are increases in the purchase of established dwellings (up 0.7 per cent in trend terms), the purchase of new dwellings (up 0.3 per cent in trend terms) and the number of commitments for the construction of new dwellings (up 0.7 per cent in trend terms),” Mr Bushby continued.

The value of investment housing commitments rose by 0.8 per cent, in trend terms, in August 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 13.7 per cent compared to the July figure of 14.7 per cent. The figure is the lowest since April 2004 and is far lower than the long-run average proportion of 20.1 per cent, despite eight interest rate cuts since November 2011.”

“In large part, this drop can be attributed to State Governments withdrawing previous levels of support for first home owners buying established dwellings and it is established dwellings that 80 per cent of first home buyers prefer.”

“With the proportion of first home buyers remaining consistently below the long term average, despite the latest figures incorporating all the interest rate cuts, this and a review of inefficient state taxes such as stamp duty, need to be a high priority issue for the new Government,” concluded Mr Bushby.

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