

Media release

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FIRST HOME BUYERS NEED ENCOURAGEMENT

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 first home buyers are missing out.

Housing finance figures for July 2013 show, in trend terms, that the number of owner-occupied finance commitments rose by 1.6 per cent – following increases of 2.1 per cent in June and 2.4 per cent in May.

If refinancing is excluded, the increase, in trend terms for July, is 1.5 per cent.

REIA President, Peter Bushby says, “Increases were recorded in all states with the largest increases in the ACT and Queensland, up 2.0 per cent and 1.9 per cent respectively, in trend terms.”

“There are increases in the purchase of established dwellings (up 1.8 per cent in trend terms), the purchase of new dwellings (up 1.4 per cent in trend terms) and the number of commitments for the construction of new dwellings (up 0.2 per cent in trend terms),” Mr Bushby continued.

“The proportion of first home buyers in the number of owner-occupied housing finance commitments fell to 14.7 per cent compared to the June figure of 15.1 per cent. The figure remains persistently low compared to the long-run average proportion of 20.1 per cent despite seven 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.”

The value of investment housing commitments rose by 0.8 per cent, in trend terms, in July resulting in over a year of consecutive monthly increases.

“With the proportion of first home buyers remaining consistently below the long term average, this needs to be a high priority issue for the incoming Government,” concluded Mr Bushby.

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