Media Release

REIA
REAL ESTATE INSTITUTE OF AUSTRALIA

For immediate release – 28th March, 2022

HOME OWNERSHIP PLAN FOR BUDGET 2022 APPLAUDED

The announcement that the Federal Budget 2022 will unlock 50,000 new places for the First Home Loan Deposit Scheme (FLHDS) has today been applauded by the Real Estate Institute of Australia (REIA).

REIA President Mr Hayden Groves said this significant investment in the Great Australian Dream shows confidence that the FHLDS scheme is serving Australia's $9.9 trillion-dollar private property markets well.

"NHFIC estimates that around 15% of Australian households are prospective homeowners and this announcement makes that dream one step closer for those Australians who are eligible.

"The number of first home buyers decreased to 37,620 in the quarter, a decrease of 18.3% over the past 12 months.

"At the same time the average loan size increased to $470,548, an increase of 12.9% over the same period.

"35,000 places for first home buyers with additional targeted measures of 5000 for the Family Home Guarantee and 10,000 for a newly created tranche called the Regional Home Guarantee are welcomed.

"This is the combined equivalent of around $24 billion in guarantees and around $30 billion in sales to first home buyers based on the median home loan of $470,548."

Mr Groves said that long term support and expansion of FHLDS was a priority under REIA's *Getting Real* and he thanked the Federal Minister for Housing, the Hon Michael Sukkar MP, for championing this initiative.

"REIA supported this innovation in public policy when it was first announced in the Federal Election 2019 and the program has gone from strength to strength.

"Now up to 1 in 10 first home buyers utilise the Guarantee program with 6,000 of Australia's key workers securing their first home through this program – our COVID-19 heroes."

Mr Groves said with household budgets under pressure in 2022, home ownership is one of the pathways to reduce hip pocket challenges.

"The REIA Housing Affordability Report showed the long-term benefits of entering the housing market.

"First home buyers purchasing in New South Wales in 2016 were paying less than median rent in under 5 years, in South Australia under 4 years, in Tasmania 9 months, the NT four and a half years and in the ACT around 2 years.

"Access to the market for first home buyers was at its best in June 2009, when 48.2% of all new loans were from first home buyers. In contrast, in March 2004 only 21.8% of new loans were from first home buyers. By December 2021 first home buyers made up 34.1% of all new housing loans."

Mr Groves said with a tripling of the scheme from an initial 10,000 places in 2019, Australians looking to buy their first home should seek advice on accessing the scheme.

"With these new places coming online you will have more opportunity than ever to secure a place, we strongly encourage interested first home buyers to speak with their mortgage broker."

Mr Groves said he looked forward to the additional detail for the Regional Home Guarantee for new dwellings but said that more would need to be done to unlock supply.

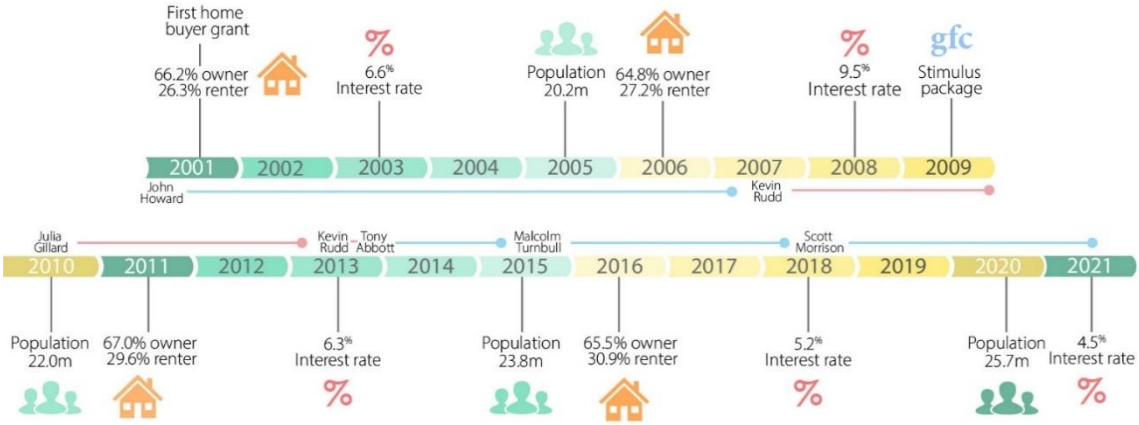

Chart 1: Home ownership through the ages. Source: REIA Housing Affordability Report: A 20 Year Analysis.

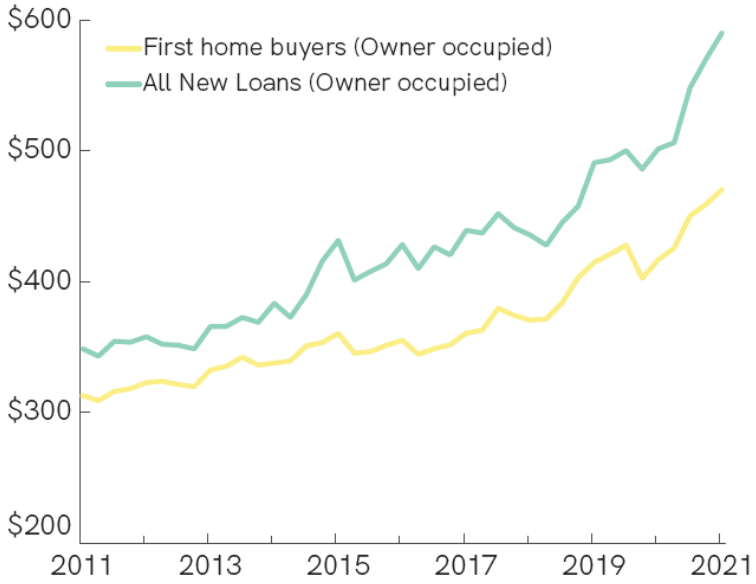

Chart 2: Average home loans for first home buyers and all new buyers. Source: REIA Housing Affordability Report, December 2021.

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