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Home ownership must not be an unattainable dream

Home ownership will be an unattainable dream for most young South Australians unless stamp duty exemptions are introduced, Master Builders SA says.

According to ABS data out today, the number of loans to South Australian first home buyers fell to the lowest amount in nine months. Just 403 first home buyer dwellings were financed in January, the lowest since 350 in April last year.

Low demand has had no impact on prices – the average loan size for first home buyers (\$274,800) in January was the second highest on record.

Master Builders SA Chief Executive Ian Markos said the fall in loans to first home buyers came from an already low base compared with other states and urgent action was required.

“During the election campaign we’ve heard a lot of rhetoric about stemming the flow of young South Australians interstate. Quite frankly, talk is cheap - it’s time the major parties backed policies that will actually deliver results.

“We want more young South Australians in their own homes, but \$18,000 in stamp duty becomes a \$60,000 noose with interest over the course of a mortgage.

“That’s why Master Builders SA continues to push for the elimination of stamp duty for first home buyers on new builds up to the median house price, which was \$465,000 for the December 2017 Quarter.

“I’m flabbergasted there has been no commitment to a policy that has been heralded by the ABS as a massive success since being introduced in July by the Liberal Government in New South Wales and the Labor Government in Victoria.

“The rate of first home buyer dwellings financed during the second half of last year compared to the first half of last year was about four times higher in Victoria and nearly seven times higher in New South Wales than South Australia.

“It’s good policy that transcends party lines. On its own abolishing stamp duty is not a magic bullet, but it is an important piece of the puzzle.”

In other concerning news, the number of loans to non-first home buyers plummeted to the lowest amount in four years.

The number of dwellings financed in January was 2665, the lowest number since 2637 in February 2014. The average loan size for non-first home buyers was \$309,800 – also the second highest on record.

Overall, the number of home loans issued to South Australia hit its lowest level in two years. There were 3502 properties financed in January this year, 40 fewer than the previous low in January 2016.

Loans issued for the construction of new homes also hit a two-year low of 349 compared to 309 in 2016.

2017: First home buyers – Dwellings financed

	Victoria	New South Wales	South Australia
Dec 2016			
Jan-2017	1851	1028	344
Feb-2017	1889	1105	376
Mar-2017	2296	1463	486
Apr-2017	1850	1169	350
May-2017	2431	1600	491
Jun-2017	2366	1526	517
Jul-2017	2619	1950	439
Aug-2017	3162	2427	491
Sept-2017	3002	2395	456
Oct-2017	3250	2397	459
Nov-2017	3526	2700	574
Dec-2017	3116	2412	470
Jan-2018	2702	1873	403
Total: Jan-Jun	12 683	7891	2564
Total: Jul-Dec	18 675	14 279	2889
Total: 2017	31 358	22 170	5453
Percentage increase in second half of 2017	<u>47.24%</u>	<u>80.95%</u>	<u>12.67%</u>

Source: 5609.0 – Housing Finance, Australia, January 2018. Table 9b: Housing Finance Commitments (Owner Occupation), By Type of Buyer and Loan: State, Original

1. In Victoria, stamp duty for first-home buyers with a dutiable value of not more than \$600,000 was abolished for contracts entered into from 1 July 2017. See: <https://www.sro.vic.gov.au/news/changes-first-home-owner-grant-and-stamp-duty>
2. In New South Wales, stamp duty was abolished on new and existing homes worth up to \$650,000 from 1 July 2017. See: <https://www.nsw.gov.au/improving-nsw/projects-and-initiatives/first-home-buyers/>



For further information

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